

Government of India
Ministry of Commerce and Industry
Department for Promotion of Industry and Internal Trade (DPIIT)

Frequently Asked Questions (FAQs) on Production Linked Incentive (PLI) Scheme for White Goods (ACs and LED Lights)

1. What is PLI Scheme for White Goods?

Ans: The Production Linked Incentive (PLI) Scheme for White Goods (PLIWG) as notified on April 16, 2021 shall provide financial incentive to boost domestic manufacturing and attract large investments in the White Goods manufacturing value chain. Its prime objectives include removing sectoral disabilities, creating economies of scale, enhancing exports, creating a robust component ecosystem and employment generation. The PLI Scheme shall extend an incentive of 4% to 6% on net incremental sales (net of taxes) over the base year (FY 2019-20) of goods manufactured in India *or net incremental sales* of eligible products over *the base year or FY 2020-21*, whichever is higher, as the case may be and covered under target segments, to eligible companies, for a period of five (5) years subsequent to the base year and gestation period as specified in the scheme guidelines.

2. Who can be an Applicant under the Production Linked Incentive Scheme for White Goods (PLI-WG Scheme)?

(Ref. Clause 2.2 of the Scheme Guidelines)

Ans: Applicant for the purpose of the Scheme shall be any company incorporated in India and as defined under the provisions of the Companies Act 2013, to manufacture one or more eligible product(s) under the specified target segment(s) and making an application for seeking approval under the Scheme.

3. Whether a Limited Liability Partnership (LLP), which qualifies all the parameters set as regards Gross Block, Global Revenue and Net worth under Clause 5.6 of the Scheme Guidelines could avail PLI benefits?

(Ref. Clause 2.2 of the Scheme Guidelines)

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 specified target segment can be an applicant. LLPs are not covered under the Companies Act, 2013. Therefore, LLPs cannot avail PLI benefits under this Scheme.

4. As per Clause No. 5 (Pre-qualification criteria) 5.1- The applicant should be a Company incorporated in India under the provision of the Companies Act 2013. 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 specified target segment 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 of white goods.

5. What is the meaning of “New manufacturing facility” under brownfield definition?
(Ref. Clause 2.10 of the Scheme Guidelines)

Ans.: “New manufacturing facility” under brownfield definition means fresh investment on new Plant, Machinery & Equipment, Research & Development, Transfer of Technology and Associated Utilities, for manufacturing of eligible product(s) under the respective target segment in addition to any existing manufacturing facilities in a premise.

6. The definition of Brownfield Project (Clause 2.10), the Guidelines states ‘Separate records shall however be maintained for the new manufacturing facility(ies) in the premises of an existing manufacturing facility(ies) for the purpose of the Scheme’. Is identification of production and consumption/sale of eligible products is sufficient or separate Trial Balance, Profit & Loss A/C or Balance Sheet is expected?
(Ref. Clause 2.10 of the Scheme Guidelines)

Ans.: The applicant may not prepare a separate P&L Account or Balance Sheet but shall have separate ledgers, Trial Balance, Supporting Bills, Invoices & Vouchers etc. for eligible investment made under the scheme and ensure that the assets created out of the eligible investment made by the applicant under the scheme and production from such assets is clearly identifiable.

7. What are the Eligible products under PLI Scheme?
(Ref. Clause 2.15 and Appendix 2 of the Scheme Guidelines)

Ans: Support under the Scheme shall be provided to companies engaged in manufacturing of components of Air Conditioners and LED Lights in India. The list of Target segments and Eligible products are as under:

1) Target Segment and Eligible Products – Air Conditioners

Sl.	Target Segment	Large Investment	Normal Investment
		Eligible Products	
1.	ACs (Components)	(i)	High value Intermediaries of ACs
		(ii)	Low Value Intermediaries of ACs
		(iii)	A combination of (i) and (ii)

Sl.	Target Segment	Large Investment	Normal Investment
		Eligible Products	
2.	High Value Intermediaries of ACs	(i) Compressors including oil free and high capacity	
		(ii) Copper Tube (plain and/or grooved)	
		(iii) Aluminum Stock for Foils or Fins for heat exchangers	
3.	Low Value Intermediaries of ACs	(i) Control Assemblies for IDU or ODU or Remotes	
		(ii) Display Panels (LCD/LED)	
		(iii) Motors	
		(iv) Cross Flow Fan (CFF)	
		(v) Valves & Brass components	
		(vi) Heat exchangers	
		(vii) Sheet Metal components	
		(viii) Plastic Moulding components	

2) Target Segment and Eligible Products – LED Lights

Sl.	Target Segment	Large Investment	Normal Investment
		Eligible Products	
1.	LED (Core Components)	(i) LED Chip Packaging	
		(ii) Integrated Circuits (ICs)	
		(iii) Resistors	
		(iv) Fuses	
		(v) Large-scale investments in LED components	
2.	LED (Components)	(i) LED Chips	
		(ii) LED Drivers	

Sl.	Target Segment	Large Investment	Normal Investment
		Eligible Products	
		(iii) LED Engines	
		(iv) LED Modules	
		(v) Printed Circuit Boards (PCB) including Metal clad PCBs	
		(vi) Mechanicals- Housing	
		(vii) Wire Wound Inductors	
		(viii) Drum Cores	
		(ix) Heat Sinks	
		(x) Diffusers	
		(xi) Ferrite Cores	
		(xii) LED Light Management Systems (LMS)	
		(xiii) Resistors	
		(xiv) Fuses	
		(xv) Capacitors	
		(xvi) LED Transformers	
		(xvii) Laminates for Printed Circuit Boards and Metal Clad PCBs	
		(xviii) Metallized film capacitors	

8. It is imperative that finished goods should be included under the PLI Scheme to make the OEM more aggressive and expand the domestic market.

(Ref. Clause 2.15 and Appendix 2 of the Scheme Guidelines)

Ans.: The objective of the scheme is to boost domestic manufacturing and facilitate development of a robust ecosystem for component manufacturing across the value chain in the country for Air conditioners (ACs) and LED Lights. Accordingly, finished goods have not been included under the Scheme.

9. Whether components to manufacture AC Compressor (or any other AC components) will be eligible for incremental investment and incremental sale or not?

Ans.: Investments on setting up manufacturing facilities for components of compressor or any other AC components by a selected applicant as part of backward integration shall be considered as eligible investment under the scheme.

However, any component of eligible products not listed in the list of eligible products in Appendix-II of the Scheme Guidelines, shall not be considered in the net sales turnover of eligible products.

10. What are the investment categories under each target segment? Can an applicant apply under more than one investment category?

(Ref. Clause 2.27 of the Scheme Guidelines)

Ans: There are two investment categories under each Target segment as given below. An applicant can apply under any one of following investment categories for any one target segment:

- (i) Large Investment
- (ii) Normal Investment

11. What does Incremental Investment over Base Year mean?

Ans: The Incremental investment over base year shall mean the eligible cumulative incremental Investment made by the applicant on or after April 1, 2021.

12. Is it possible for an applicant company to commit investments for manufacturing multiple products from High Value Intermediaries and Low Value Intermediaries for the purpose of the PLI Scheme to meet the threshold in investment and revenues?

Ans.: Yes. The Target Segment “ACs Components” provides an option to choose combination of multiple eligible products along with stipulated threshold investment.

For e.g. An applicant may choose to manufacture “Compressors” from the target segment of “High Value Intermediaries of ACs” and “Motors” from the Target segment of “Low Value Intermediaries of ACs” under any one of the two investment categories (Large/Small Investment) by applying under the target segment “ACs (Components) and choosing A Combination of (i) and (ii) as defined in Appendix –II of the scheme guidelines”

13. What is Initial Investment Period (Gestation Period)?

(Ref. Clause 2.28 of the Scheme Guidelines)

Ans: The initial Investment period (Gestation period) is the gestation time given for setting up of manufacturing facilities to manufacture the eligible products. An applicant may opt for any one of the following initial investment periods–

- (i) 1st April, 2021 to 31st March, 2022
or
(ii) 1st April, 2021 to 31st March, 2023

14. What if the Consolidated Global Revenue of the applicant (including Group Companies) in the Target Segment is available in currency other than INR?
(Ref. Clause 2.20 of the Scheme Guidelines)

Ans: In case of Group Companies of the applicant whose revenues for the base year have not been consolidated in Rupees, the revenue in the respective currency shall be converted to Rupees at an average of currency exchange rates as on 01.04.2019 and 31.03.2020 or as on 1.04.2020 and 31.03.2021 as the case may be.

15. What does the Threshold Investment mean?
(Ref. Clause 2.38 of the Scheme Guidelines)

Ans.: The amount of minimum cumulative investment to be made by the applicant in each financial year for respective target segment as specified in Appendix-I of the Scheme Guidelines.

16. What is the tenure of the Scheme?
(Ref. Clause 3 of the Scheme Guidelines)

Ans.: The tenure of the Scheme shall be from Financial Year 2021- 22 to Financial Year 2028-29.

17. How will the annual ceiling on incentive payable to each applicant be determined?
(Ref. Clause 4.2 and 4.3 of the Scheme Guidelines)

Ans: The Scheme is Fund Limited. The amount of incentive shall be capped on the following basis:

For Air Conditioners - net incremental sale of eligible product(s) upto 5 times of the cumulative threshold investment in the previous financial year.

For LED Lights - net incremental sale of eligible product(s) upto 6 times of the cumulative threshold investment in the previous financial year.

Over performance of any selected applicant shall not be incentivised and the amount of incentive arising out of underperformance of any selected applicant in any target segment shall not be disbursed to any other applicant.

18. What are the Pre-Qualification Criteria under PLI Scheme?
(Ref. Clause 5 and Appendix- I or Appendix-IA of the Scheme Guidelines)

Ans:

- 1) The applicant should be a company incorporated in India under the provisions of the Companies Act, 2013.

- 2) Foreign (non-resident) investment in the Applicant Company shall be in compliance with the FDI Policy 2020, as amended from time to time.
- 3) An applicant must propose setting up of greenfield or brownfield project for manufacturing of one or more eligible product(s) under any investment category in the respective target segment as defined in scheme guidelines.
- 4) An applicant should commit for setting up manufacturing facilities to manufacture eligible product(s) along with appropriate quality and testing facilities conforming to prescribed Standards commensurate with committed incremental sales.
- 5) The minimum committed cumulative investment for respective Target Segment shall be as indicated in **Appendix- I or Appendix-IA** of the Scheme Guidelines as the case may be.
- 6) The minimum amount of: -
 - (i) Gross Block
 - (ii) Global Revenue
 - (iii) Net Worth

of the applicant and its group companies (Indian or overseas) as on 31 March 2020 or 31 March 2021 as the case may be shall be as under :-

(Rs. in Crore)

Sl.	Target Segment	Large Investments			Normal Investments		
		Gross Block	Global Revenue	Net Worth	Gross Block	Global Revenue	Net Worth
1	AC (Components)	300	1500	180	150	600	90
2	AC (High Value Intermediaries)	200	1000	120	125	500	75
3	AC (Low Value Intermediaries)	50	250	30	25	100	15
4	LED (Core Components)	150	750	90	50	200	30
5	LED (Components)	12	60	7.5	5	20	3

- 8) Value-Added Resellers shall not qualify under the scheme.
- 9) The applicant and its group company(ies) should neither have been declared as bankrupt or willful defaulter or defaulter or reported as fraud by any bank or financial institution or non-banking financial company.
- 10) 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.

19. Whether those companies which are able to meet the overall pre-eligibility criterion in the year FY 2020-21 instead of FY 2019-20 would be eligible for the PLI Scheme?

(Ref. Clause 5.6 of the Scheme Guidelines)

Ans.: Yes. Companies meeting the pre-qualification criteria on the basis of audited financial statements for FY 2020-21 may also apply under the scheme.

20. Do the Value-Added Resellers qualify under the scheme?

(Ref. Clause 5.7 of the Scheme Guidelines)

Ans: No. Value-Added Resellers do not qualify under the scheme.

21. Whether a beneficiary under other PLI Scheme of Government of India can avail benefits for the same products under the PLI-WG scheme?

(Ref. Clause 5.9 of the Scheme Guidelines)

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.

22. Whether any relaxation could be granted to start-ups or any other Company who are unable to meet the pre-qualification criteria as per Clause 5.6 of the Scheme Guideline, to participate in the PLI scheme.

(Ref. Clause 5.10 of the Scheme Guidelines)

Ans.: As per Clause 5.10 of the Scheme Guidelines, Govt. on recommendations of the Committee of Experts, may relax pre-qualification criteria specified in Clause 5.6 for an applicant.

23. Additional relaxation or benefit should be given to the brownfield projects who have already invested in the eligible products otherwise greenfield projects have a better chance to get the benefit of PLI during the entire tenure of the scheme.

Ans.: The Scheme does not intend to create any entry barrier for investments and offers incentives on fresh investments in a greenfield OR a brownfield project with same Investment: Sales ratio. Hence, it would not be prudent to provide any relaxation to the brownfield projects.

24. If an applicant is in the process of identifying the place where we intend to set up the manufacturing facility and not able to decide before the last date of submission of on-line application (i.e. 15th September 2021), in that case what should be mentioned in the Application form as regards to location?

Ans.: It is recognized that Applicants, particularly who have formed new entity under Companies Act, 2013, may require some time to decide upon to finalize suitable location

of manufacturing plant. Hence, it is not mandatory to indicate the exact location of plant in the on-line application form. However, Applicant must indicate at least the name of the District during submission of on-line application form and submit the exact location of the plant within three months of the receipt of the communication of selection by the PMA.

25. 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 within two years of commencing commercial production during the tenure of the Scheme.

26. Does an applicant proposing to manufacture more number of components in the entire value chain have higher priority in selection?

(Ref. Clause 6.4 of the Scheme Guidelines)

Ans: As provided in Clause 6.4 of the scheme guidelines, an applicant proposing to manufacture more components in the entire value chain will have the higher priority in selection.

27. What are the Eligibility Criteria for incentive under PLI Scheme?

(Ref. Clause 7 and Appendix- I or Appendix-IA of the Scheme Guidelines)

Ans:

- i. Eligibility shall be subject to achievement of thresholds of net incremental sales of Eligible Products for the respective financial year over the base year **or** net incremental sales of eligible products over the base year or FY 2020-21, whichever is higher, as the case may be and cumulative incremental investment in the preceding financial year, which shall not be less than the threshold investment as detailed in **Appendix-I or Appendix-IA** of the Scheme Guidelines, as the case may be.
- ii. In case an applicant does not meet criteria of threshold investment and threshold net incremental sales for any given year, the applicant shall not be eligible for disbursement of incentive for that particular financial year. However, the applicant will not be restricted from claiming incentive for subsequent years during the tenure of the Scheme, provided eligibility criteria of cumulative committed investment and threshold net incremental sales are met for such subsequent financial years.
- iii. The incremental sales of eligible products should be commensurate with created production capacity from investments committed under the scheme.

- iv. For the purpose of determining eligibility of an applicant with respect to incremental investment, the investment covered under any other PLI Scheme of Govt. of India of the Applicant shall not be considered for determining eligibility under this PLI Scheme and vice-versa.
- v. In every financial year for which the incentive is claimed, the net sales turnover of eligible products of the selected applicant and its group companies shall not be less than the sum of their net sales turnover of eligible products manufactured in India in the base year for applicants meeting the pre-qualification criteria on the basis of financial attributes of base year and higher of net sales turnover of eligible products in the base year or FY 2020-21, for applicants meeting the pre-qualification criteria on the basis of financial attributes of FY 2020-21; along with the corresponding threshold incremental net sales turnover of the selected applicant as detailed in **Appendix-1** or **Appendix-IA**, as the case may be.
- vi. For applicants opting for initial investment period as 1st April, 2021 to 31st March, 2023, the first and last year of achieving the required corresponding threshold incremental sales for availing the PLI shall be FY 2023-2024 and FY 2027-28 respectively as detailed in Appendix -IA.

28. Does the Scheme allow the eligible components to be sold to AC or LED Lights industry only or it could be sold to across all sectors to achieve economy of scale?

Ans: At least 60% of the net incremental sales shall comprise of the Eligible Product used in the manufacturing of ACs and LED Lights. Hence 40% of net incremental sales across other sectors shall be permitted to facilitate economies of scale.

29. Is eligibility under the Scheme for a given year achieved if one of the two threshold criteria namely incremental investment and incremental sale of manufactured goods over the base year are met?

(Ref. Clause 7.1 of the Scheme Guidelines)

Ans: No. Both the criteria are to be met. Eligibility shall be subject to achievement of thresholds of net incremental sales of Eligible Products for the respective financial year over the base year **or** net sales turnover of eligible products in the base year or FY 2020-21, whichever is higher, as the case may be and cumulative incremental investment in the preceding financial year, which shall not be less than the threshold investment as detailed in **Appendix-I or Appendix-IA** of the Scheme Guidelines, as the case may be.

30. 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 incentive 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. Also does revenue need to be a multiple of capex each year as it appears from the PLI table?

Ans.: Front loaded investment will qualify as eligible investment subject to the same is equal to or more than the corresponding stipulated cumulative incremental 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 net incremental sales of Eligible Products for the respective financial year over the base year or net sales turnover of eligible products in the base year or FY 2020-21, whichever is higher, as the case may be and cumulative incremental investment in the preceding financial year, as detailed in Appendix-I or Appendix-IA of the Scheme Guidelines.

31. What if an applicant company is not able to achieve threshold criteria for a given year?

(Ref. Clause 7.2 of the Scheme Guidelines)

Ans: In case an applicant does not meet criteria of threshold investment and threshold net incremental sales for any given year, the applicant shall not be eligible for disbursement of incentive for that particular financial year. However, the applicant will not be restricted from claiming incentive for subsequent years during the tenure of the Scheme, provided eligibility criteria of cumulative committed investment and threshold net incremental sales are met for such subsequent financial years.

32. The scheme guideline is silent about PLI disbursement in case investment schedules are not met due to various dynamics and external factors. What would happen if a selected applicant exits midway?

Ans.: Midway exit by a selected applicant without fulfilling investment criteria, will thwart one of the selection criteria of maximizing Gross Value Added to economy, as also deprive selection opportunity to another Eligible Applicant under the scheme.

Therefore, if any selected applicant declines the offer of approval under the Scheme at any stage or exits the scheme without making full committed investment for reasons whatsoever; in such case,

- (a) the bank guarantee furnished by the selected applicant shall be invoked as per the provisions of the clause 10.9 of the scheme guidelines and
- (b) the applicant shall have to refund the incentive availed by it under the scheme till such date along with interest calculated at the prevailing 3 year SBI MCLR compounded annually.”

33. Let us assume a selected applicant in the Large investment category under the Target segment ‘AC Low value intermediaries’ has applied for 4 eligible products components (Heat Exchanger, Motor, Cross Flow fans and Plastic moulded products). In any particular year the company achieves both the thresholds (of Investment and Incremental Sales), however does manufacture only two components (say Heat Exchanger and Cross Flow Fans) out of 4 components mentioned in the application. Will the company qualify for incentive in such a case?

Ans: Yes. As the selected applicant has achieved the threshold of net incremental sales, it will qualify for PLI. The Scheme provides flexibility to an applicant to choose eligible products under a Target segment and manufacture as per the market conditions.

34. Are taxes and duties included in the expenditure that is considered towards Investment in the Scheme?

(Ref. Clause 8.1.1 of the Scheme Guidelines)

Ans: All non-creditable taxes and duties shall be included in such expenditure.

35. Which 'Heads' of eligible investment are capped and to what extent?

(Ref. Clause 8.2.3 and 8.3 of the Scheme Guidelines)

Ans:

a) Investment in Research & Development shall not exceed 15% of the total committed investment.

b) Investment in Transfer of Technology shall not exceed 5% of the total committed investment.

36. Is the Investment on Land and Building covered under the Scheme?

(Ref. Clause 8.5.1 of the Scheme Guidelines)

Ans: No. Investment in land and building (including factory building or construction) required for the project or unit will not be covered under the Scheme and, therefore, shall not be considered for determining eligibility under the Scheme.

37. What is the period for making an application under the Scheme?

(Ref. Clause 9 of the Scheme Guidelines)

Ans: The application window for the Scheme shall be open for period from 15th June 2021 to 15th September, 2021 (inclusive) on on-line portal having URL as <https://pliwhitegoods.ifcilttd.com/>. No application shall be accepted after the closure of the application window. Applications may also be invited anytime during the tenure of Scheme for any particular target segment, if required.

38. Can an applicant company make multiple applications under PLI?

(Ref. Clause 9.4 and 9.5 of the Scheme Guidelines)

Ans: No. One entity can apply for any one category under one target segment only. However, separate Group companies may apply for different target segments.

39. Whether an applicant can apply for more than one Target Segments & Eligible Products?

(Ref. Clause 9.4 and 9.5 of the Scheme Guidelines)

Ans: One applicant can apply for any one target segment only. However, an Applicant may apply for any one or more eligible products within a Target Segment as defined in Appendix-II of the Scheme Guidelines.

- 40. As regards to Clause 9.4 of the Guidelines: Let us assume company ‘A’ has two group companies, ‘B’ & ‘C’. Company A has applied for the scheme in the AC component target segment/ category under Normal investment. Group company B applies for one product/ component in the Lower value intermediates target segment/ category under Normal investment. Can group company C apply for another component in Lower value intermediates target segment/ category for another product/ component?**

Ans.: As per Clause 9.4 of the Scheme Guidelines “One entity may apply for any one category under one target segment only. However, separate Group companies may apply for different target segments.” Hence, in the given case, company B and company C cannot apply for same target segments but can apply for different target segments. However, those target segments should not be the same as opted by company A.

- 41. Will the applicant company receive an acknowledgment for their application?**
(Ref. Clause 9.9 and 9.10 of the Scheme Guidelines)

Ans: Upon successful submission of an application, based on the initial scrutiny of the application, acknowledgement with a unique Application ID number shall be communicated to the applicant over email as well as through SMS by the Project Management Agency (PMA) appointed for this purpose by DPIIT. It may be noted that the acknowledgement of an application shall not be construed as approval under PLI Scheme.

In case an application is submitted on the last day of application window, the PMA shall inform about the deficiency in the application, if any, to the applicant within 15 days of submission, where after, the applicant must submit the application completed in all respect by last day of the month following date of application window closure. Acknowledgement will thereafter be issued by the PMA.

- 42. In case a selected applicant company does not meet the criteria of minimum threshold investment and net incremental sales in a given year, whether this would be treated as non-compliance under 10.9 of the Scheme Guidelines and Bank guarantee would be invoked?**

(Ref. Clause 10.7 and 10.9 of the Scheme Guidelines)

Ans: The above scenario will not be treated as “non-compliance” under Clause 10.9 of the Scheme Guidelines, as achievement of net incremental sales for any particular year and committed cumulative investment in the preceding year are the criteria for attaining eligibility of incentive for any particular year and does not form any matter of compliance. If the same are not achieved, the applicant will not be eligible to receive the incentive.

The bank guarantee will be invoked as per the provisions of clause 10.7 i.e. if commercial production is not achieved within 1 year of the original proposed date of commercial production or as per the provisions of clause 10.9 largely dealing with issues viz. obtaining

approval under the scheme on the basis of false information, declining of offer after selection, failure to submit requisite supporting documents viz. auditors certificate to substantiate claim for incentive etc.

43. What will be the threshold net incremental sales if an applicant makes higher investment than the threshold investment?

(Ref. Clause 11.1.f of the Scheme Guidelines)

Ans: In case an applicant makes higher investment than the threshold investment, the threshold incremental sale to be achieved by the applicant for achieving eligibility for incentive shall remain same for respective target segment as specified in Appendix-I or Appendix-IA of the scheme guideline, as the case may be.

44. Does Captive Consumption of eligible products form part of Net Sales Turnover?

(Ref. Clause 11.1 of the Scheme Guidelines)

Ans: Yes. Captive Consumption of eligible products shall form part of Net Sales Turnover, subject to 60% of the captive consumption shall comprise of the Eligible Products used in the manufacturing of ACs and LED Lights.

45. How transaction price can be determined in case of 100% captive consumption?

(Ref. Clause 11.1(c) of the Scheme Guidelines)

Ans.: The transaction price for eligible product(s) between the independent unrelated parties (i.e. comparable uncontrolled price) shall be used to compute the gross sales turnover of the eligible product(s) which may be based on sales through service channel or market operating price, depending upon the availability of information in the market.

46. When can an applicant submit a claim for disbursements under PLI?

(Ref. Clause 12.3 and 12.4 of the Scheme Guidelines)

Ans: An applicant shall submit a claim for disbursement of incentive on annual basis for the sales made in a financial year along with its audited financial statements. Claims shall be made only once, unless withdrawn, and no subsequent part claim shall be allowed for the said period. Claim for disbursement of incentive shall be filed by the applicant latest by 31st October in the following financial year to which the claim pertains.

47. When will the PLI be disbursed?

(Ref. Clause 12.2 of the Scheme Guidelines)

Ans: Actual disbursement of PLI for a respective year will be subsequent to that year. For example, if the applicant chooses initial Investment period as 1st April 2021 to 31st March 2022 then subject to fulfilling the conditions of cumulative threshold investment up to FY 2021-22 over base year and threshold incremental sales of manufactured goods over the base year in FY 2022-23, PLI will be disbursed in FY 2023-24. Likewise if the applicant chooses

initial Investment period as 1st April 2021 to 31st March 2023 then subject to fulfilling the conditions of cumulative threshold investment up to FY 2022-23 over base year and threshold incremental sales of manufactured goods over the base year in FY 2023-24, PLI will be disbursed in FY 2024-25.

48. Whether investment for refurbishing of existing machinery for capacity and technology upgradation to enable additional capacity could be treated as part of investment?

(Ref. Clause 14.1.4 of the Scheme Guidelines)

Ans: No. The Scheme entails maximization of Gross Value Added (GVA) to the economy. Accordingly, the scheme stipulates eligible investment only in new plant, machinery and equipment and associated utilities to ensure that the productive assets remain in the economy for longer duration, aiding employment generation and contributing to the country's GDP for a longer period in comparison to refurbished part & machinery.

49. Is investment in used plant & machinery an eligible investment?

(Ref. Clause 14.1.4 of the Scheme Guidelines)

Ans: No. Investment in second hand/ used/ refurbished plant, machinery, equipment, utilities shall not be considered as eligible investment.

50. The ongoing discussions with technology collaborators for key components may take some time to conclude. In such cases, whether, change in shareholding to a JV structure after initial approval of application would be permitted or not?

(Ref. Clause 14.6.1 of the Scheme Guidelines)

Ans.: Yes. Change in shareholding is permitted in the Scheme Guidelines vide Clause 14.6.1, which states that "A selected applicant shall intimate the PMA of any change in shareholding pattern during the tenure of the scheme".

Further the clause states that in case of change in Successor in- Interest (including Change in Ownership) (Refer clause 2.37 for definition) the same shall be intimated by PMA for approval of DPIIT for disbursement of incentive.

51. What are the mandatory documents that need to be submitted alongwith the information submitted in the application form?

(Ref. Annexure 3 of the Scheme Guidelines)

Ans:

The Applicant needs to upload the following mandatory documents along with the information submitted in the application form.

- i. Certificate of Incorporation and Corporate Identification Number (CIN)
- ii. Memorandum of Association
- iii. Article of Association
- iv. IEM/IL/MSME certificate
- v. PAN Card

- vi. GSTIN Registration Certificate
- vii. Importer Exporter Code (IEC) Registration Certificate
- viii. Audited Financial Statement(s) of FY 2019-20 or FY 2020-21, as the case may be
- ix. Audited Balance Sheet and Profit and Loss Statement of FY 2019-20 or FY 2020-21, as the case may be
- x. Statutory Auditor Certificate for Gross Block, Global Revenue and Net worth as on 31.03.2020 or 31.03.2021, as the case may be
- xi. Shareholder Structure
- xii. Top 10 Shareholders list as on 31.03.2020 or 31.03.2021, as the case may be
- xiii. Resolution from Board of Directors
- xiv. Letter authorizing the signing authority
- xv. Technology Transfer Agreement, if any
- xvi. Detailed manufacturing process note.
- xvii. Detailed Manufacturing Flow Chart with Inputs required in each stages in the process flow chart and the output at each stage of Manufacturing.
- xviii. Other business agreement(s).
- xix. Statutory Auditor Certificate on the net sales turnover and captive consumption of each Eligible Products (proposed to be manufactured under the scheme) for FY 2019-20 and FY 2020-21
- xx. Undertaking regarding Bankruptcy and defaulter lists of RBI, SEBI etc.
- xxi. Undertaking with respect to Integrity compliance.
- xxii. Consent for audit/verification of manufacturing sites and financial statements

Note: Any other document may be sought by PMA / DPIIT for clarifications.

**52. What will be the Application Fee and what would be the mode of payment?
(Ref. Clause 9.8 of the Scheme Guidelines)**

Ans: The amount of non-refundable application fee is Rs. 1,00,000/- (Rupees one lakh only) shall have to be paid electronically through Bharat Kosh Portal: <https://bharatkosh.gov.in/> - Non-Tax Receipt portal of Govt. of India.

53. What is the process for payment of Application fee?

Ans.: The online fee payment process through Non-Tax Receipt Portal – NTRP (Bharat Kosh) is mentioned below :-

- Register in the Bharat Kosh Portal → <https://bharatkosh.gov.in/>
- In the Payment Option → Select “Industry” as the Controller Ministry.
- In the Purpose Field → Select “Fee for Production Linked Incentive (PLI) Scheme for White Goods (ACs and LED)”.
- Amount to be Paid → Please input Rs. 1,00,000 as the application fee.
- Remarks → Kindly mention name of the “Applicant Company” as well as the Purpose as “Fee for PLIWG Application”.

➤ Payment & Receipt → Generate the Payment Receipt from NTRP for Upload in the PLIWG Portal.

54. Whether Interest During construction (IDC) to purchase plant and machinery included in the eligible investment?

Ans: No, Interest During Construction (IDC) is not included in eligible investment.

55. Whether cost of foundation for installation of heavy machinery and equipment allowed as part of the cost of the Plant and Machinery.

Ans: Cost of foundation being an expenditure on civil work, the same is not allowed as part of cost of plant and machinery.

56. 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.
