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Sub: Operational Guidelines for Production Linked Incentive (PLI) Scheme for Textiles Finalized

Dear Members,

1. Ministry of Textiles Notification dated 24/09/2021 on Production Linked Incentive (PLI) Scheme:-

Ministry of Textiles vide [Notification dated 24/09/2021](#) (The Gazette of India No. 286 dated 27/09/2021) had notified the Production Linked Incentive (PLI) Scheme for promotion of MMF Apparel, MMF Fabrics and Products of Technical Textiles with a budget outlay of Rs. 10683 Cr. to promote production of MMF Apparel, MMF Fabrics and Technical Textiles products to enable Textiles Industry to achieve size and scale, to become competitive and a creator of employment opportunities.

AEPC had issued a Circular on 28th September, 2021, explaining the main provisions of the PLI Scheme and circulated the draft guidelines to the industry on 18th October, 2021 seeking comments and feedback on the same. The operational guidelines have been released by the Ministry of Textiles on 28th Dec 2021 ([Click here for the guidelines](#)). Some of the highlights of the guidelines are given in this Circular.

2. Objective: - The PLI Scheme is intended to promote production of MMF Apparel & Fabrics and Technical Textiles products in the country to enable the textile industry to achieve size and scale; to become globally competitive and a creator of employment opportunities for people. The scheme is to support creation of a viable enterprise and competitive textile industry.

3. Duration of the Scheme: - Incentives under the scheme will be available for a 5 years period from 24.09.2021 (Date of Notification) to 31st March, 2030 and the incentive under the Scheme will be payable for a period of 5 years only.

Year	Gestation Period	Performance year	Incentives claim year
*	FY 2022-2023		
*	FY 2023-2024	Optional*	Optional*
1		FY 2024-2025	FY 2025-2026
2		FY 2025-2026	FY 2026-2027
3		FY 2026-2027	FY 2027-2028
4		FY 2027-2028	FY 2028-2029
5		FY 2028-2029	FY 2029-2030

In case of fast paced investment when threshold investment and threshold turnover is achieved by FY 2023-24, incentive may be payable in FY 2024-25 itself. However, in such cases, benefits of the Scheme shall be available upto FY 2027-28 only i.e. a total of 5 years only.

4. **Scheme Details:** The PLI Scheme for MMF Apparel, Fabrics and Technical Textile Products comprises of two segments:

(i) Scheme Part- 1

Any person including Company/Firm/LLP/Trust willing to create a separate manufacturing company under Companies Act 2013, and invest minimum Rs. 300 Crore (excluding land and administrative building cost) to manufacture Notified Products. Such companies will be eligible to get incentives when they achieve a minimum of Rs. 600 Crore turnover by manufacturing and selling the Notified products by the first Performance Year.

(i) Scheme Part-2

Any person including Company/Firm/LLP/Trust willing to create a separate manufacturing company under Companies Act 2013, and invest minimum Rs. 100 Crore (excluding land and administrative building cost) to manufacture Notified Products. Such companies will be eligible to get incentives when they achieve a minimum of Rs. 200 Crore turnover by manufacturing and selling the Notified products by the first Performance Year.

Manufacture and sale of textile Products will be considered as permitted activities. However, turnover /sale of only Notified Products shall be considered for computation and availing incentive under the scheme. Account for both Notified and non-Notified Products will be maintained separately.

5. **Incremental turnover and Incentive Rate:** Incentive under the scheme will be provided as per the rate indicated below:

Year	Gestation Period	Performance year	Incentives claim year	Scheme Part 1		Scheme Part 2	
				Minimum Prescribed turnover	Rate of incentive	Minimum Prescribed Turnover	Rate of incentive
*	FY 2022- 2023						
*	FY 2023- 2024	Optional*	Optional*				
1	Year 1	FY 2024-2025	FY 2025-2026	600 Cr	15%	200 Cr	11%
2	Year 2	FY 2025-2026	FY 2026-2027	750 Cr	14%	250 Cr	10%
3	Year 3	FY 2026-2027	FY 2027-2028	937.5 Cr	13%	312.5 Cr	9%
4	Year 4	FY 2027-2028	FY 2028-2029	1171.87 Cr	12%	390.63 Cr	8%
5	Year 5	FY 2028-2029	FY 2029-2030	1464.84 Cr	11%	488.2 Cr	7%

6. **Maximum Cap on incentive:** There will be a provision of cap of 10% over and above the prescribed minimum incremental turnover growth of 25% for the purpose of calculation of incentives from Year 2 onward. Turnover achieved beyond that cap will not be taken into account for calculation of incentive. However, for Year 1 this cap of 10% will be applied over and above turnover of two times of investment made under the scheme. Turnover achieved beyond two times of investment + 10% shall not be accounted for calculation of incentives in Year 1. This shall apply to both Schemes Part 1 & 2.

Indicative illustration of Cap and maximum acceptable incremental turnover are at Appendix III (at Page no. 37 of the Scheme)

8. **General Conditions:** Some of important general conditions indicated in the Operational Guidelines are:

i. The Applicant once selected under the Scheme shall form a new company under the Companies Act, 2013 before commencement of investment. This new company will be called "Participant" under the Scheme.

ii. Investment made in anticipation from the date of Scheme Notification shall also be accounted for calculation of threshold investment provided their proposal is approved for participation under the Scheme. In case the required investment is not completed in gestation period then, balance committed investment can be made during the first performance year, provided the required turnover is achieved simultaneously in the same year.

iii. There will be no restriction for making higher investment for enhancing manufacturing capabilities and achieving growth targets.

iv. If multiple applications are filed by the same group companies, the entity will have to indicate their preference for the proposal to be taken forward at the time of selection. Only one project under PLI will be approved for any group of companies.

9. **Selection Criteria:** - Ministry of Textiles shall invite applications from industry for selecting Participants for the Scheme. After screening of the applications, MoT shall publish the list of selected entities on the basis of recommendation of a Selection Committee under the Chairmanship of Secretary Textiles.

For examination of the application for selection, following grading system will be adopted by the Selection Committee:

SL. No	Criteria	Grading	Marks for Preference	
1	Financial Capacity of the Applicant	Based on Turnover and Reserves & Surplus in the balance sheet (50:50%)	0 to 10	
2	Relevant Experience & Technical Capacity of the Applicant	Based on Experience in MMF, Technical Textiles, Weaving/Processing/Garmenting etc and General Technical Capacity (50:50%)	0 to 10	
3	Location of the Manufacturing Activity. (#)	Preference to Investment in Aspirational Districts and Category "C" cities, as Notified by Ministry of Housing & Urban Affairs, (*)	0 to 15	
		Category A	5	
		Category B	10	
		Category C & Aspirational District	15	
4	Investment	Part-1	Part-2	
		300-400	100-200	10
		401 and above	201 and above	20
5	Additional Employment in 1st Year onward	500 – 2500	5	
		2501-5000	10	
		5001-7500	15	
		7501 – 10000	20	
		Above 10000	25	
6	Product line	Single segment investment only (such as only MMF Apparel or only MMF Fabrics or only Technical Textiles)	10	
		investment in Integrated Weaving & Processing or Fabrics to garmenting	20	
Total Maximum			100	

* List of Notified Towns may please be seen in the guidelines at Page 10.

10. **Time schedule for Application:** Application window for registration under the Scheme shall be opened for the period from 1st January, 2022 to 31st January, 2022 (inclusive) on on-line portal.

No application shall be accepted after the closure of the application window. However, in case of insufficient number of eligible applications, the application window for selecting new applicants will be re-opened.

11. **Application Format:** An Application shall be made through the on-line portal <http://PLI.texmin.gov.in> (Go to Checklist to Log-in) and in the format provided therein. The Applicant has to submit the Undertaking as prescribed.

- A non-refundable application processing fee **Rs 50,000/=** shall be paid electronically by the applicant.

12. Besides the above points, the details of following have also been given in the operational guidelines:

- Condition of Investment
- Associated Utilities
- Ineligible investment
- Eligibility criteria and conditions for claiming incentive
- Procedure for selection under the Scheme
- Criteria for Calculation of Incentive
- Procedure and time schedule for Disbursement of Incentives
- Project Management Agency (PMA)
- General Terms and Conditions of investment
- Certifications
- Undertakings
- Change in Ownership
- Risk Management System (RMS) and Internal Audit Mechanism
- Appellate Authority and dispute redressal

13. This is for your information and taking appropriate action.

With warm regards,

Yours sincerely,

Dr. L. B. Singhal,

Secretary General,

AEPC