

**Dr. L.B. Singhal**  
**(Ph.D., MBA, LLB, B.Sc.)**  
**Secretary General, AEPC**

AEPC/HO/SG/R&PA/2021  
February 24, 2022

**Sub: Amendment to Notification No.12015/03/2020-IT Dated 24.09.2021  
relating to PLI Scheme for Textiles: Forming of new companies &  
investment made**

Dear Members,

This is in reference to AEPC Circular No. 42 sharing therewith the Ministry of Textiles [Notification dated 24/09/2021](#) (The Gazette of India No. 286 dated 27/09/2021) notifying the Production Linked Incentive (PLI) Scheme for promotion of MMF Apparel, MMF Fabrics and Products of Technical Textiles along with the highlights of said notification. A copy of the AEPC Circular No. 42 is annexed herewith as **Annex-1** for your information.

The said Notification No. 12015/03/2020-IT dated 24th September 2021 mentions that the applicant will form a separate company under Companies Act, 2013, before commencement of investment under this scheme. Investment made in anticipation after 24th September 2021 may be taken into account to meet investment criteria.

In view of the various representations received from the industry regarding requirement to form a new company and investment made thereto prior to 24th September 2021, the matter was considered. Ministry has decided that **“A company though registered prior to date of notification i.e. 24th September 2021, but has not started production will be treated as a new company for the purpose of benefits under this scheme. However, the investment made prior to date of notification i.e. 24th September 2021 will not be counted for eligible investment.”**

Trade may refer to the notification dated 22.02.2022 issued by Ministry of Textiles in this regard, ([click here for notification](#)) for information and taking appropriate action.

With warm regards,

Yours sincerely,

Dr. L.B.Singhal  
Secretary General  
AEPC

## Annex-1

### AEPC Circular No.42

**Dr. L.B. Singhal**  
**(Ph.D., MBA, LLB, B.Sc.)**  
**Secretary General, AEPC**

AEPC/HO/SG/R&PA/2021  
September 28, 2021

Dear Members,

Based on a detailed identification of HS code wise MMF garments and fabrics by AEPC, Chairman AEPC had represented to Government for a scheme for promoting MMF garments. We are happy to note that the PLI scheme for MMF garment, Fabrics and Technical Textiles has now been notified. With a budget outlay of Rs. 10683 Cr, the Production Linked Incentive (PLI) Scheme is intended 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.

2. Ministry of Textiles vide [Notification dated 24/09/2021](#) (The Gazette of India No. 286 dated 27/09/2021) has notified the Production Linked Incentive (PLI) Scheme for promotion of MMF Apparel, MMF Fabrics and Products of Technical Textiles. The scheme will be implemented from the date of this notification.

3. Incentives under the scheme will be available for 5 years period i.e. during FY 2025-26 to FY 2029-30 with a budgetary outlay of Rs. 10,683crore. **However, if a company is able to achieve the investment and performance targets one year earlier then, it will become eligible one-year in advance starting from 2024-25 to 2028-29 i.e. for 5 years.**

4. **The scheme proposes to incentivise MMF Apparels listed at Annexure-I, MMF Fabrics listed at Annexure-II and 10 segments of Technical Textiles products listed at Annexure-III. Turnover of MMF Apparel, Fabrics and products of Technical Textiles will be counted based on product description in GST invoice at 8-digit HS Code. The scheme covers 40 HS Codes at 6 digit level (50 HS code at 8 digit level) of MMF Apparels, 14 HS code at 6 digit level (42 HS code at 8 digit level) of MMF Fabrics and 90 HS codes at 8 digit level of Technical Textile Products.**

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

### **Scheme Part- 1**

i) Any person, which includes firm / company willing to invest **a minimum Rs.300 Crore in Plant, Machinery, Equipment and Civil Works (excluding land and administrative building cost)** to produce products of Notified lines, shall be eligible to apply for participation in this part of the scheme.

ii) However, applicant will **form a separate company** under Companies Act, 2013, before commencement of investment under this scheme.

iii) Such company under the scheme will be eligible to get incentive when they **achieve minimum of Rs.600 Crore turnover** by manufacturing and selling the products Notified under this scheme.

iv) For getting incentive, **both the conditions of minimum investment and minimum turnover should be met.**

v) The participating company is expected to achieve this required turnover after a **gestation period of two years**, i.e. in FY 2024-2025, that will be termed as year 1 and **a 15% incentive will be provided** on attaining required turnover in the Notified lines of MMF and Technical Textiles.

vi) Incentive in the subsequent years will be provided on achieving a minimum **additional incremental turnover of 25%** over the immediate preceding year's turnover up to year 5.

vii) **However, the incentive will be reduced by 1% every year** from year 2 onward till the year 5 i.e. 11% in the year 5. Only **such sales will be counted, which are transacted through normal banking channel.**

### **Scheme Part-2**

i) Any person, which includes firm / company willing to invest **a minimum Rs.100 Crore in Plant, Machinery, Equipment and Civil Works (excluding land and administrative building cost)** to produce products of Notified lines, shall be eligible to apply for participation in this part of the scheme.

ii) However, **the applicant will form a company registered under Companies Act, 2013**, before commencement of investment.

iii) Such company under the scheme will be eligible to get incentive when **they achieve a minimum of Rs. 200 Crore turnover** by manufacturing and selling the products notified under this scheme.

iv) For getting incentives, **both the conditions of minimum investment and minimum turnover should be met.**

v) The participating company is expected to achieve this required turnover after a **gestation period of two years**, i.e. in FY 2024-2025, that will be termed as year 1 and **11% incentive on turnover** will be provided on attaining required turnover in the Notified lines of MMF and Technical Textiles.

vi) Incentive in the subsequent years will be provided on achieving a minimum additional **incremental turnover of 25%** over the immediate preceding year's turnover up to year 5.

vii) **However, the incentive will be reduced by 1% every year** from year 2 onward till the year 5 i.e. 7% in the year 5. Only **such sales will be counted, which are transacted through normal banking channel.**

6. The scheme shall be valid upto 2029-30. The gestation period for both parts of the scheme will be of two (2) years i.e. FY: 2022-23 to FY: 2023-24. The schedule of the scheme is given as follows:

**Framework of the Scheme Implementations**  
**Scheme Part-1 and Part-2**

| Year | Gestation Period | Performance year | Incentives claim year |
|------|------------------|------------------|-----------------------|
| *    | FY 2022-23       |                  |                       |
| *    | FY2023-24        |                  |                       |
| 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          |

7. Only manufacturing company registered in India will be eligible to participate under the scheme. Participating company will have to undertake processing and operation activities in their own factory premises as prescribed in the scheme guidelines. **Only project proposals envisaging processing and operation activities able to enhance value by not less than 60% in integrated fibre/yarn to fabric, garment & technical textiles will be selected. However, for proposal of independent fabrics processing house, this required minimum value enhancement will be only 30%.**

8. The notification also gives the framework and composition of the monitoring committee. However, **the detailed operational guidelines for inviting application,**

**selection of eligible participants, effective monitoring of the scheme, releasing of incentives, and appropriate grievance redressal mechanism etc. will be finalised and notified after inter-ministerial consultations.**

9. **Investment made in anticipation after this Notification may be taken into account to meet investment criteria, in case that investor company is selected under the scheme.**

10. We will inform the operational guidelines also, as soon as the same is issued by the Ministry of Textiles.

11. For detailed information on the Product HS Codes and guidelines, please refer to the [Notification on Production Linked Incentive Scheme for Textiles](#).

With warm regards,

Yours sincerely,

Dr. L.B.Singhal  
Secretary General  
AEPC