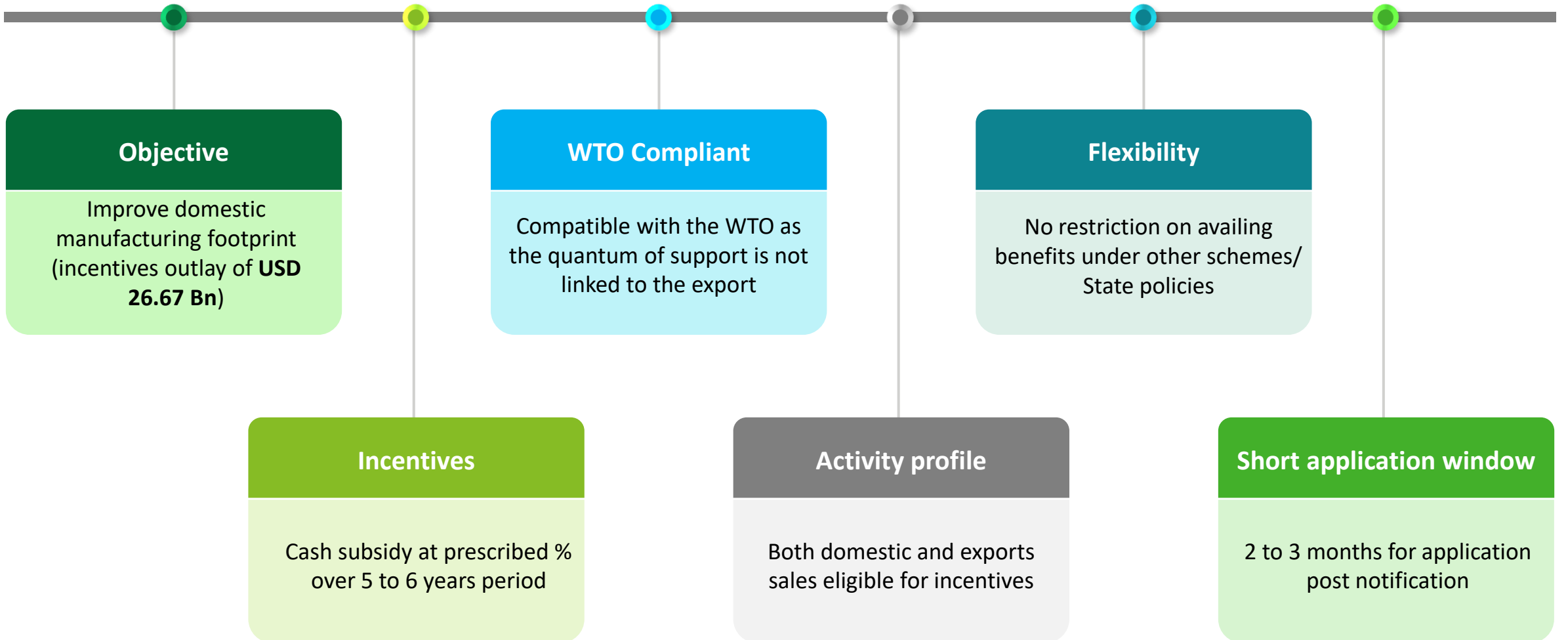




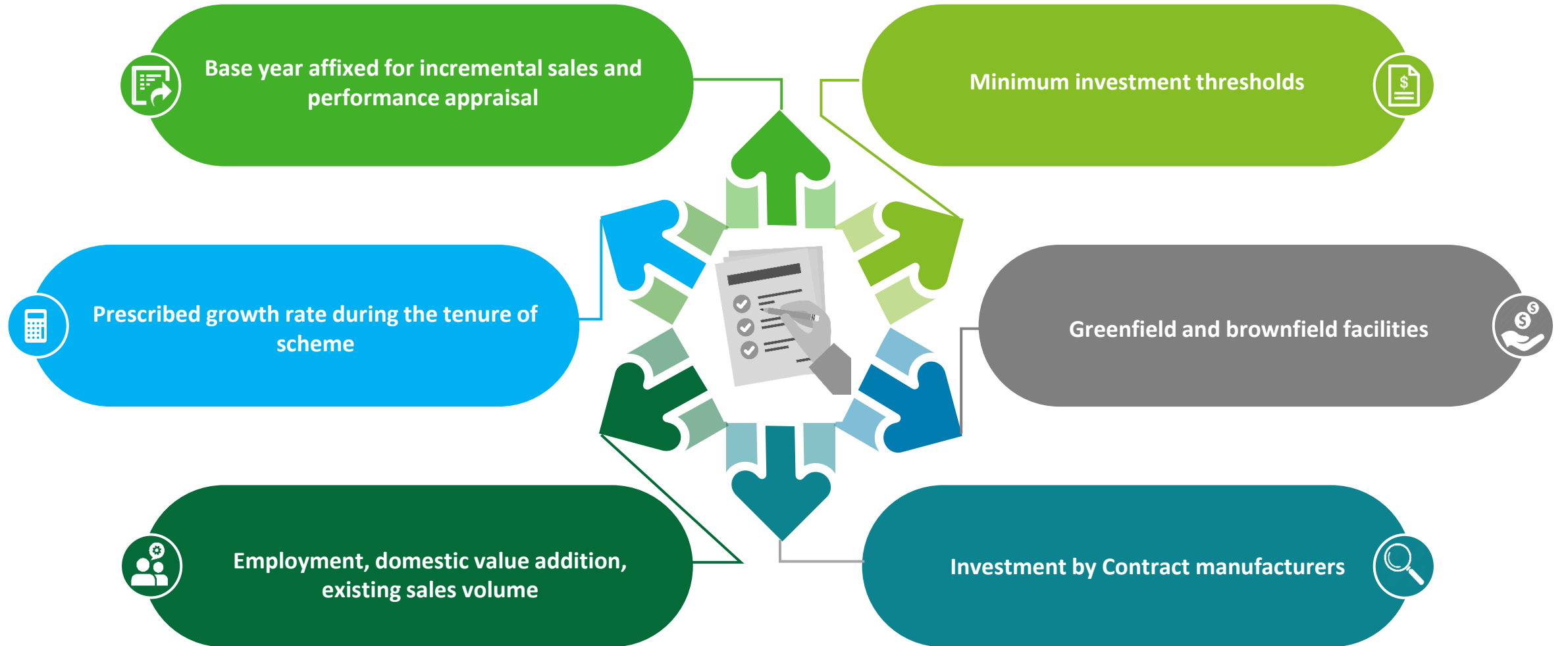
Production Linked Incentives
Scheme: Leap towards
Atmanirbhar Bharat

PLI – Concept and Coverage

Introduction of Sector specific Production Linked Incentives (PLI) scheme



Key parameters for consideration







Sector and Product Coverage





SN	Sector	Product Line
1	Advance Chemistry Cell (ACC) Battery	ACC Batteries
2	Automobiles & Auto Components	Automobile and Auto Components
3	Electronic/Technology Products*	Laptop/ Notebooks, Servers, IoT Devices, Specified Computer Hardware, Semiconductor Fab, Display Fab
4	Food Products	Ready to Eat / Ready to Cook (RTE/ RTC), Mozzarella Cheese, Processed Fruits & Vegetables, Organic eggs, egg products and poultry meat, Marine Products
5	High Efficiency Solar PV Modules	Solar PVs
6	Pharmaceuticals drugs	<ul style="list-style-type: none"> • Category 1- Complex generic drugs, Patented drugs or drugs nearing patent expiry, Special empty capsules, Biopharmaceuticals, Cell based or gene therapy products, Orphan drugs, Complex excipients • Category 2 - Active Pharma Ingredients (APIs) /Key Starting Materials (KSMs) and Drug Intermediaries (DIs) • Category 3 - Anti-cancer drugs, Anti diabetic drugs, Anti Infective drugs, In-vitro Diagnostic Devices (IVDs), Auto-immune drugs, Cardiovascular drugs, Repurposed Drugs, Psychotropic drugs and Anti-Retroviral drugs, Phytopharmaceuticals, Other drugs not manufactured in India, Other drugs as approved
7	Speciality Steel	High Strength Steel, Steel Rails, Coated Steel and Alloy Steel Bars & Rods
8	Telecom & Networking Products	Core Transmission Equipment, 4G/5G Equipment, Internet of Things (IoT) Access Devices and Other Wireless Equipment, Enterprise equipment (Switches, Router, Access & Customer Premises Equipment (CPE)), Next Generation Radio Access Network and Wireless Equipment
9	Textile Products	Man-Made Fiber Segment and Technical Textiles
10	White Goods	Air conditioners and LED

* Basis Press Release dated 11 November 2020 (by PIB Delhi)

PLI Scheme Status

 Sector	 Ministry	 Incentives Outlay (USD billion)	 Status
Advance Chemistry Cell (ACC) Battery	Department of Heavy Industry	2.41	Scheme approved by Cabinet, detailed guidelines awaited
Specialty Steel	Ministry of Steel	0.84	Scheme approved by Cabinet, detailed guidelines awaited
Food Products	Ministry of Food Processing Industries	1.45	Guidelines issued and application window open until June 17, 2021
Pharmaceuticals drugs	Department of Pharmaceuticals	0.93 (Phase I) + 1.99 (Phase II)	Application window extended and open until 28 July 2021
Electronic/Technology Products	Ministry of Electronics and Information Technology	0.67	Scheme notified (last date for applications was 30 April 2021)
Telecom & Networking Products	Department of Telecommunications	1.63	Scheme notified

PLI Scheme Status

 Sector	 Ministry	 Incentives Outlay (USD billion)	 Status
High Efficiency Solar PV Modules	Ministry of New and Renewable Energy	0.59	Scheme approved by Cabinet; Guidelines issued by Ministry
Automobiles & Auto Components	Department of Heavy Industry	7.60	Awaiting approval by Cabinet
Textiles	Ministry of Textiles	1.42	Awaiting approval by Cabinet
White Goods (ACs & LED)	Department for Promotion of Industry and Internal Trade	0.83	Scheme notified (guidelines awaited)
Mobile phones and electronic components	Ministry of Electronics and Information Technology	5.46	Round II in progress (application window was open till March 31, 2021)
Medical devices	Department of Pharmaceuticals	0.46	Scheme extended for applications till July 28, 2021

State Incentives

Summary of the state government incentive schemes

Key benefits

Fiscal

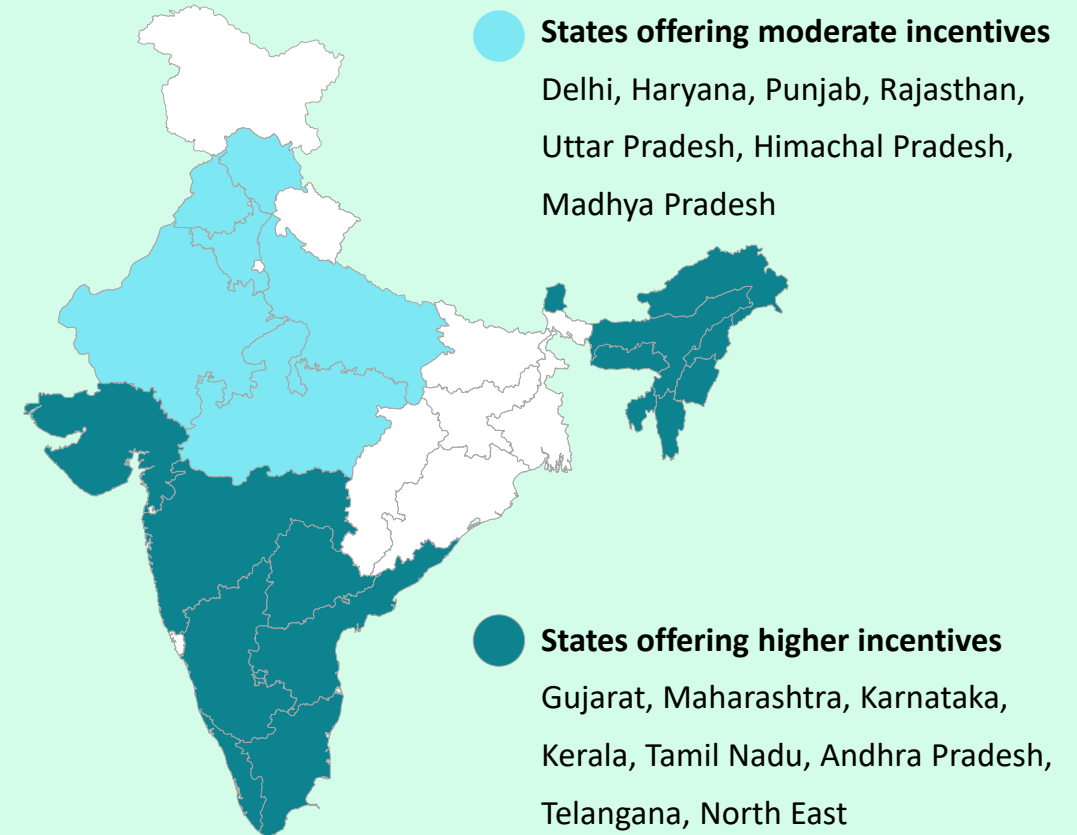
- Capital subsidy linked to investment outlay
- Training subsidy linked to job creation
- Gross or Net GST refund on supply of goods or services
- Exemption or concession from stamp duty on transfer or lease of land
- Concessional rates of power tariff
- Concessional land
- Interest free loans
- Sector specific policies

Non-Fiscal

- Single window clearance for permits
- Infrastructure benefits viz roads, water supply, IT infrastructure etc

Most of the above benefits open to negotiation by the government in large investment projects

Demographic overview

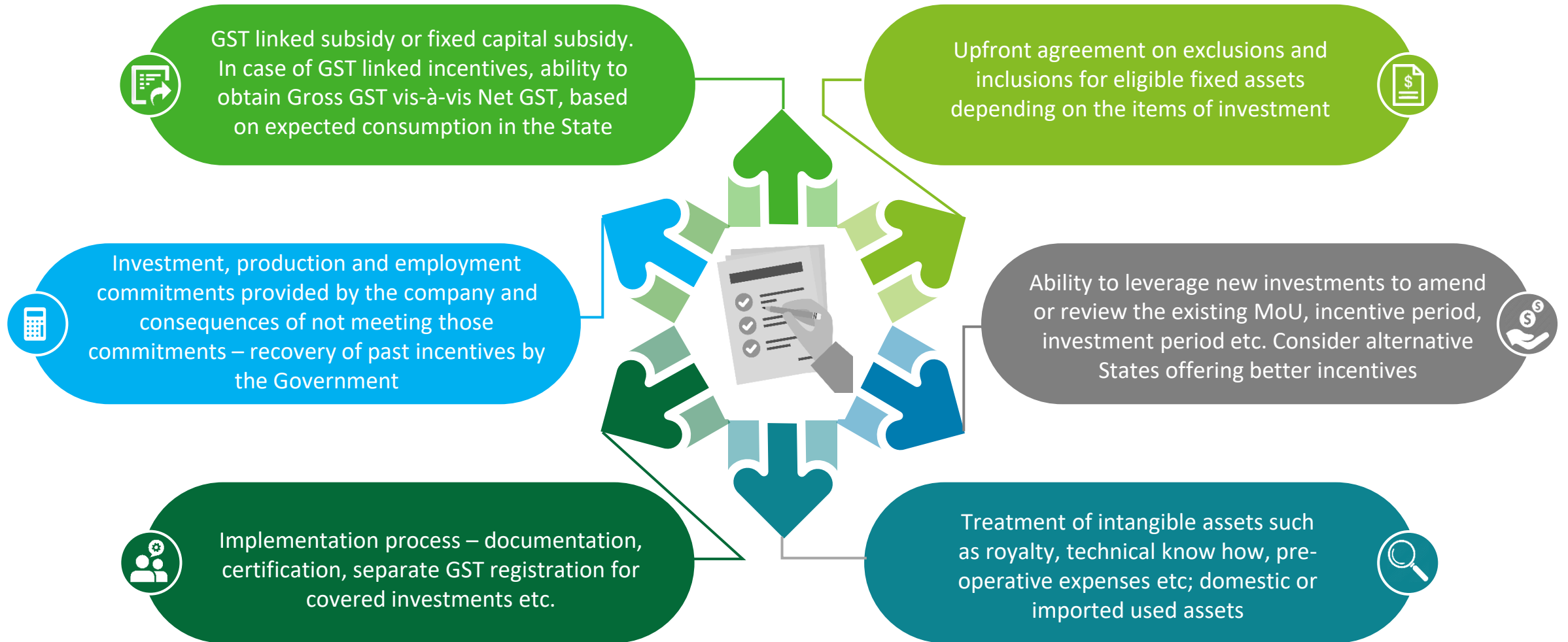


Key drivers for incentives negotiation

- Economic activity
- Status of the project (MSME, large, mega, ultra mega, etc)
- Quantum of investment
- Investment period
- Employment generation
- Location or district of proposed operations

State Incentives: Illustrative areas for consideration

Parameters to consider while negotiating or applying for incentives



Corporate tax benefits

India – An attractive investment destination

Corporate tax benefits | Tax regime for new manufacturing companies

A snapshot



- **Tax rate of 15%** plus surcharge and cess [i.e. **effective rate of 17.16%**]
- No Minimum Alternate Tax (MAT)

Lower tax rate vis-à-vis select other jurisdictions –

- China: 25%
- Vietnam / Taiwan: 20%
- Philippines: 25%

Attractive tax regime for

- New manufacturing companies in India
- Incorporated on or after 1 October 2019

- Company engaged only in **manufacture** of any article or thing and **research** in relation to, or **distribution** of, such article or thing manufactured by it
- **Commencing manufacture on or before 31 March 2023**
- Not formed by splitting up or reconstruction of an existing business; and company does not use any machinery or plant previously used for any purpose

- Certain incentives not to be claimed (e.g. additional depreciation)
- Regime to be chosen at the time of filing the first tax return; cannot be withdrawn subsequently for any year
- Domestic transfer pricing provisions to apply

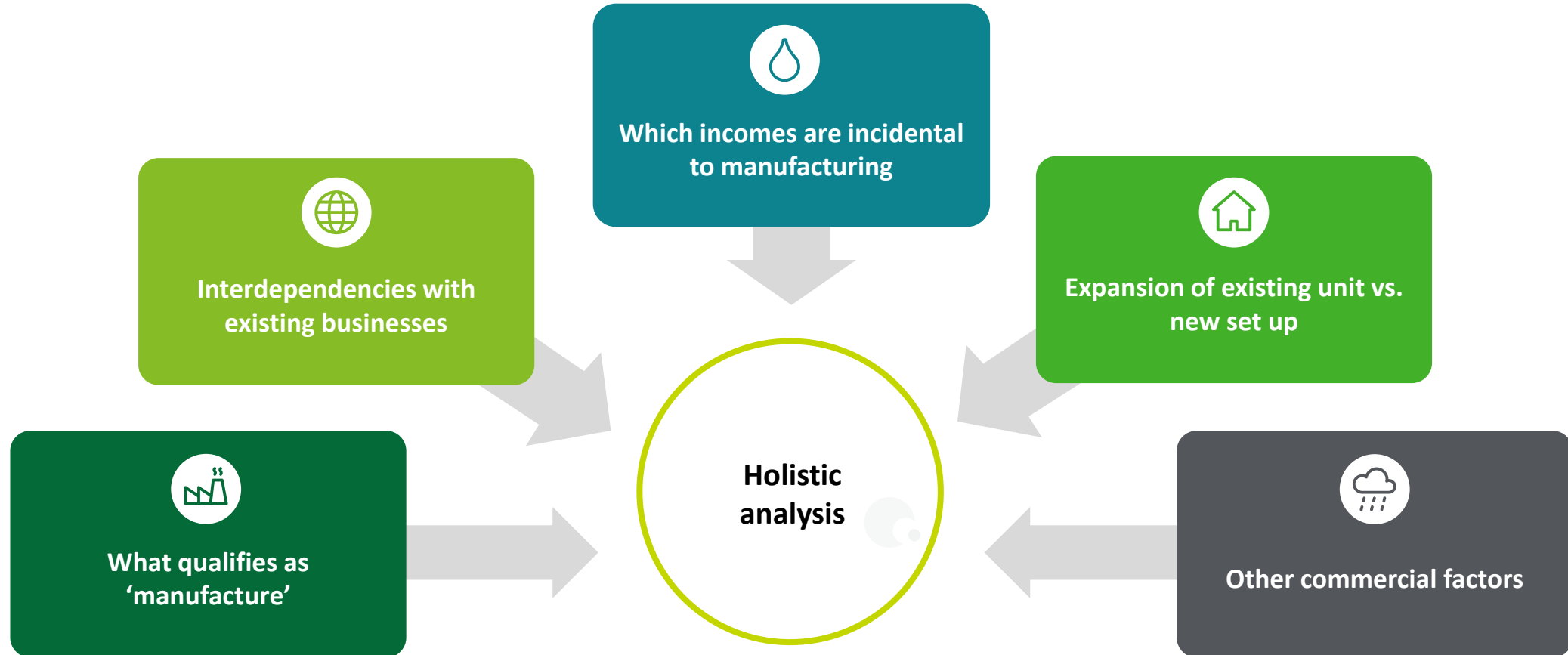
Other incentives



Income-tax benefits on **employment generation** available [deduction for 30% of additional employment cost for 3 years, subject to conditions]

Corporate tax benefits | Tax regime for new manufacturing companies

Key considerations vis-à-vis eligibility and PLI



Corporate tax benefits | Beneficial tax framework

- **Abolition of dividend distribution tax** – Dividend taxable for the shareholder
- **No cascading effect** – Dividends received not taxable for an Indian company, if it onward pays dividend in prescribed time



- Access to **lower dividend tax rates** under the treaty (**as low as 5% / 10%**)
- Ease of **tax credit** in parent company jurisdiction
- Reduction of group tax cost



- **Dividend received from foreign subsidiaries** is taxable at a **concessional rate of 15%***



- **Special tax rate of 5%*** in case of foreign lenders, for **interest** on monies borrowed before 1 July 2023 (subject to conditions)
- Strong **treaty network** with approx. 94 nations



Long term capital gains taxable at a **reduced rate of 10%***, in case of non-resident shareholders (subject conditions and treaty benefit, if any)



- No obligation to file an income-tax return by non-resident companies in case of royalty, technical service fee, dividend or interest income, if it has been subjected to WHT as per domestic tax law



India – a destination of choice for setting up manufacturing operations

**plus applicable surcharge and cess*



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