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Govt issues guidelines for textiles PLI scheme worth Rs 10,683 crore

Companies have to inform the ministry of textiles about their annual investment plan.

Shreya Nandi | New Delhi December 28, 2021 Last Updated at 20:30 IST

The Centre on Tuesday released the operational guidelines for the production-linked incentive (PLI) scheme for textiles. Under this, companies can begin the registration process from January 1-31, 2022, on the government's online portal.

In case of insufficient number of eligible applications, the application window for selecting new applicants will be reopened.

In their application, companies will have to inform the ministry of textiles regarding their annual investment plan, expected sales, turnover, expected employment generation as well as exports during the tenure of the scheme, according to the guidelines.

Incentives worth Rs 10,683 crore will be provided over five years for manufacturing man-made fabrics, garments — jerseys, overcoats, trousers, polyester suitings and shirtings, among others.

It will also be provided for technical textiles, which is a new-age textile that can be used for the production of PPE kits, airbags and bulletproof vests. It can also be used in sectors such as aviation, defence and infrastructure.

The scheme obtained Cabinet approval in September and is focused on expanding man-made fabrics and technical textiles value chain to help India regain its dominant status in the global textiles trade. This comes at a time when India's share in global exports have gradually declined over the last few years.

The scheme is operational from September 24, 2021 to March 31, 2030. It has been structured in a way so that the incentives will be paid for a period of five years only. Applicants will be finalised within 60 days from the date of closure of the application window. According to the guidelines, there are two types of investments possible with different sets of incentive structures. Under the first part, any company willing to invest a minimum Rs 300 crore in plant, machinery, equipment and civil works will be eligible. The company will be eligible to get incentives when it achieves at least Rs 600 crore turnover by manufacturing and selling products under the scheme.

Under part 2, any company willing to invest a minimum Rs 100 crore in plant, machinery, equipment and civil works will be eligible. The company will be eligible to get incentives when it achieves at least Rs 200 crore turnover by manufacturing and selling. Under both parts, the required turnover will have to be achieved after a gestation period of two years. The gestation period will give the company participating in the scheme time to set up the manufacturing unit and begin production.

Under the scheme, FY2022-23 to FY2023-24 will be the gestation period. While the performance years will be from FY25 to FY29, incentives can be claimed from FY26 to FY30.

In order to avail incentives, minimum investment and minimum turnover criteria have to be met.

"In case a participating company fails to achieve the prescribed turnover or 25 per cent increase in turnover over the preceding year's turnover, it will not get any incentive under the scheme for that year. Such participants will get incentives only when they achieve both, that is, the prescribed turnover target for the year and 25 per cent increase in turnover over preceding year's turnover, in subsequent years for a reduced number of years," an official statement said.

Investments in land and administrative buildings such as offices and guesthouses will not be covered under the scheme.

Recovery mechanisms and penal provisions have also been included under the guidelines. In case an excess claim has been made to any participant, the ministry of textiles can raise demand for recovery.