

How PLI Scheme For White Goods Is Helping India's Air Conditioning Sector Move Towards Domestic Self-Sufficiency

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Daikin Manufacturing Plant

Snapshot

- *How the Union government's production linked incentive (PLI) scheme for white goods is driving India's quest for self-sufficiency in India's air-conditioning sector.*

For a long time, India's air-conditioning sector remained highly reliant on external imports for both critical components and for fully-assembled air conditioners. These fully-assembled air conditioners were imported and directly sold to customers, implying no value-addition in India. However, with the right policy changes, the Indian air-conditioning sector is moving towards self-sufficiency in the sector.

In order to curb imports of fully-assembled pieces into India, and help the domestic industry do better, the government banned the imports of "air-conditioners with refrigerants" or fully-assembled AC pieces into India. According to AC manufacturers in India, the move would help curb fringe manufacturers from simply importing an AC and reselling it. In addition, it would incentivise AC manufacturers to move towards localisation, rather than remaining dependent on China for several models. Around a third of AC demand was fulfilled by imports, but the government's actions have brought it down significantly according to reports.