FINANCIAL EXPRESS
Read to Lead

PLI scheme for textiles attracts 67 companies; RIL, Arvind, Bombay Dyeing, Welspun among applicants

Textiles secretary UP Singh said the investments committed by the applicants have exceeded the government's expectations of over Rs 19,000 crore.

The government had extended, for a second time, the deadline for applying for incentives under this scheme to give more time to companies to weigh their investment plans. Interested firms were allowed to submit their applications until February 28.

As many as 67 companies have applied for support under the Rs 10,683-crore production-linked incentive (PLI) scheme for the textiles and garment sector, pledging investments of around Rs 23,000 crore, textiles secretary UP Singh said on Saturday.

Singh didn't reveal the names of potential investors but sources told FE that the applicants include Reliance Industries, Arvind Group, Welspun, IndoRama Synthetics, Bombay Dyeing, Vardhman Group, Trident and Shahi Exports. "The who's who of the textile and garment industry has expressed interest in the scheme. The list of beneficiaries will be out soon," said one of the sources. The textile ministry's initial target was to draw 60 firms, he added.

Singh said the investments committed by the applicants have exceeded the government's expectations of over Rs 19,000 crore. The textile PLI scheme covers 40 man-made fibre (MMF) garments, 14 MMF fabric products and 10 technical textile items. "We have taken a number of steps to promote growth of the technical textile sector. There has been a very good response for the PLI scheme," Singh said at a CII event.

The government had extended, for a second time, the deadline for applying for incentives under this scheme to give more time to companies to weigh their investment plans. Interested firms were allowed to submit their applications until February 28.

Under the scheme, incentives will be extended for five years. It will remain operational until 2029-30.

The scheme is open to two categories of investors. Those who will invest at least Rs 300 crore will be eligible for a 15% incentive in the first year if they achieve a turnover of Rs 600 crore or more.

Similarly, those investing at least Rs 100 crore will get 11% in the first year if their turnover hits Rs 200 crore or more. After the first year, both the categories of investors will have to show a 25% incremental turnover annually. But the benefits will drop by 100 basis points with each passing year in both the cases.

This PLI scheme has marked a paradigm shift in the government's decision-making on two counts. First, it earmarks big bucks for big companies, shedding its long and costly bias towards small businesses. Second, it seeks to correct India's historical policy preference for a cotton-dominated value chain, which is contrary to the global trend. The idea is to reclaim India's export markets after ceding substantial ground to Bangladesh and Vietnam in recent years.

Even before the pandemic struck, India accounted for 4.3% (or $35.5 billion) of global exports of textiles and apparel in 2019 but its share in the man-made fibre segment was much lower at 2.8% ($9.3 billion). In fact, products based on man-made fibres made up for only 26% of India's textiles and garments exports, compared with almost 50% in China and 49% in Vietnam.