Presentation on Production-Linked Incentive Scheme 1.1 (PLI Scheme 1.1)

(This PPT is for reference purpose only)

January 08, 2025

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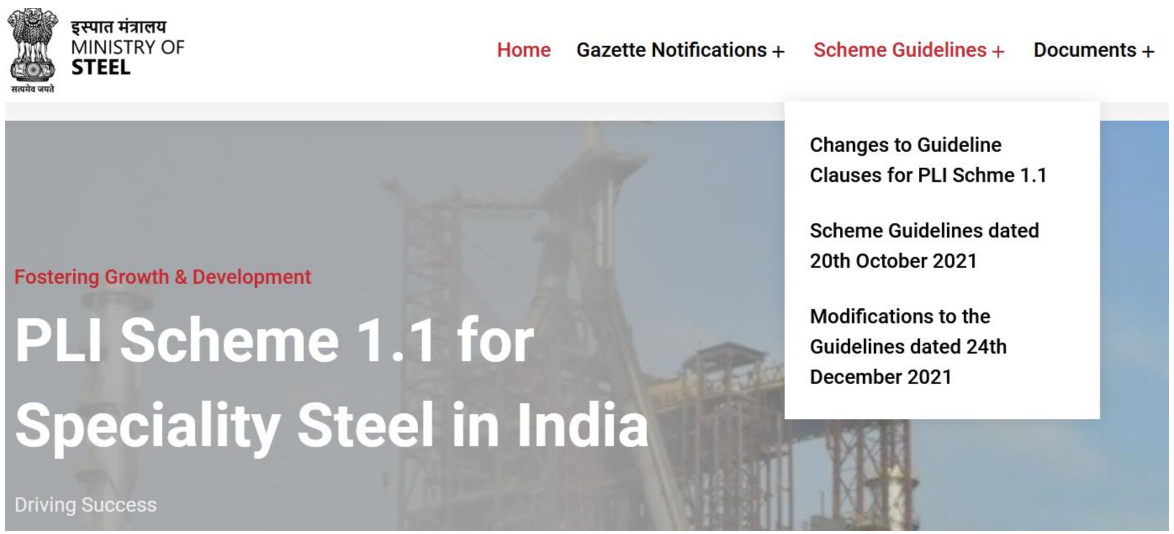
What is PLI Scheme 1.1

PLI Scheme 1.1

- 2nd Round of application under PLI Scheme (gazette Notification dtd. July 29, 2021) Launched on January 6, 2025, shall be known as PLI Scheme 1.1

Reference Document

- Office Memorandum by Ministry of Steel dtd Jan. 6, 2025
- PLI Scheme (gazette notification dtd. July 29, 2021)
- PLI Scheme guidelines dtd. Oct. 20, 2021
- Modification in Scheme and guidelines dtd. Dec. 24, 2021



Timelines of PLI Scheme 1.1 for Specialty Steel

January 6 , 2025

Launch of PLI Scheme 1.1

Start of application window

January 31, 2025

Close of Application window

February 7, 2025

Close of Correction window for supporting documents

April 01, 2025

Commencement of 1st year of scheme

FY 2026-27

1st year of claiming incentive under PLI Scheme 1.1

FY 2029-30

Terminal year of production

Min. Qualifying Thresholds

Sl. No.	Sub-category	Investment (in ₹ Cr)	Capacity (in '000 tonnes)	Min y-o-y incremental rate (%)
1	Galvanneal/GI-Auto-Gr	700	400	10
2	Tin mill Products	600	200	20
3(a)	Coated/Plated products of Metallic/Non-Metallic alloys	200	250	10
3(b)	Al-Zn coated (Galvalume)			30
4	Colour Coated	300	250	20
5(a)	HR Coil, Sheets and Plates API Gr 52<=X<=70	2,750	4,500	25
5(b)	HR Coil, Sheets and Plates API Gr>X-70			20
5(c)	High Tensile Sheets, Coil, Plates, YS>=450			10
6	Auto Gr Steel AHSS (CRCA: Cold rolled closed annealed)	1,000	900	15
7(a)	Boiler Quality, Pressure Vessels	2,500	1,200	15
7(b)	QT/Abrasion Resistance and Wear Resistance			30

Sl. No.	Sub-category	Investment (in₹ Cr)	Capacity (in '000 tonnes)	Min y-o-y incremental rate (%)
8(a)	Asymmetric Rails	350	-	20
8(b)	Head Hardened rails			40
9(a)	Alloy Steel: Tool and Die Steel	100	80	20
9(b)	Alloy Steel: Valve Steel			15
10	Alloy Steel: Bearing Steel	100	80	15
11	Automotive powertrain steel	100	80	10
12	Precipitation Hardened Stainless Steel	100	1	30
13	Tyre Bead wire	100	30	20
14	C' Class Zinc Coated Wire	100	30	10
15	Zinc - Aluminium Coated Wire	100	30	10
16	Tyre Cord (Brass Coated)	600	30	20
17	Oil Tempered Spring Steel Wire	30	7	30
18	CRGO	3,000	50	10
19	CRNO	700	200	10

Tenure & Permissible Investment

Tenure	• 5 years • Production period : FY 2025-26 to FY 2029-30 • Incentive disbursement period : FY 2026-27 to FY 2030-31
Permissible Investment	• Investment made after 6th January, 2025 shall be eligible. • As per annexure -IV

Eligibility to participate in PLI Scheme 1.1

- Steel manufacturers engaged in end-to-end steel manufacturing in India
- Companies creating new facility and augmenting existing facilities can apply
- The companies participating in PLI scheme 1.0 scheme shall be eligible to apply for the same product sub-category or different product sub-categories under PLI scheme 1.1. However, the project(s) of any company under the PLI scheme 1.0 for which MoU has been signed shall not qualify to participate in the PLI scheme 1.1
- Commitments to investment and incremental production necessary as per threshold
    - 50% of threshold investment allowed in case of augmentation

PLI rate for each product sub-category year-wise

PLI Slab	2025-26	2026-27	2027-28	2028-29	2029-30
PLI–A	4%	5%	5%	4%	3%
PLI–B	8%	9%	10%	9%	7%
PLI–C	12%	15%	15%	13%	11%

Provisions for PLI Scheme 1.1

➢ **Capacity enhancement is allowed under both modes :**

Capacity addition as well as Capacity augmentation

Capacity addition	• Enhancement made by applicant during scheme tenure by installation of new unit(s) under the applied product sub-category
Capacity augmentation	• Enhancement made by applicant during scheme tenure by augmenting existing facility(ies) in production capacity and/ or product quality under the applied product sub-category

Provisions for PLI Scheme 1.1: Contd

- **Carried forward of incentive : Excess production (over commitment) from previous year to be accounted for in the following year for incentive calculation.**

Illustration :

Sl No	Financial years	Committed production (000't)	Actual production (000't)	Excess/ (shortfall) production (000't)	Eligible actual production for Incentive (000't)	Eligible actual incremental production for Incentive (000't)	Remarks
1	FY 25-26	70	100	30	70	70	
2	FY 26-27	100	80	-20	100	30	Shortfall of 20,000 t w.r.t committed production has been adjusted with the excess production of 30,000t of previous year.
3	FY 27-28	140	150	10	140	40	
4	FY 28-29	180	190	10	180	40	
5	FY 29-30	200	195	-5	200	20	

Changes in clauses of existing Guidelines for PLI scheme 1.1

Clauses in PLI 1.0	Modified for PLI 1.1
Clause no 2.13 : Commissioning Year / Month: refers to the commencement of production from the unit in a particular year / month. Commissioning year and year of commencement of production are one and same and have been used interchangeably. The date of commencement of production shall refer to the date on which the applicant raises the first GST invoice for the sale of eligible product(s) manufactured under the scheme	**Commissioning Year / Month:** refers to the commencement of production from the unit in a particular year / month. Commissioning year and year of commencement of production are one and same and have been used interchangeably. **In case of Capacity addition** The date of commencement of production shall refer to the date on which the applicant raises the first GST invoice for the sale of eligible product(s) manufactured under the scheme. **In case of Capacity augmentation** The first year of commitment of production as per application.
Clause No- 2.38 :Unit capacity refers to rated capacity of the plant to produce eligible product(s) of a given product sub-category.	**Unit capacity** :refers to rated capacity of the plant to produce eligible product(s) of a given product sub-category. **In case of Capacity addition:** It is the newly installed capacity. **In case of Capacity augmentation:** It is the capacity after augmentation.
Clause No- 4.1 The company (applicant) shall make an investment in creating new capacity for manufacturing of the applied sub-category product.	The company (applicant) shall make an investment to enhance the capacity either by capacity addition or by capacity augmentation for manufacturing of the applied sub-category product

Modification in clauses of existing Guidelines for PLI 1.1

Clauses in PLI 1.0	Modified for PLI 1.1
4.2.4.1 : Annual incremental production rate: Each applicant shall submit annual incremental production rate (%) year-wise along with production quantity over the scheme period against each applied product sub-category. The committed annual incremental production rate must be equal to or more than the respective threshold incremental production rate mentioned in Annexure-III for each product sub-category.	***Annual incremental production rate:*** Each applicant shall submit annual incremental production rate (%) year-wise along with production quantity over the scheme period against each applied product sub-category. The committed annual incremental production rate must be equal to or more than the respective threshold incremental production rate mentioned in Annexure-III for each product sub-category. The annual incremental production rate shall be applicable on the committed production by applicants for each year of the scheme tenure except first year. The criteria for commitment for the first year shall be as follows. - For capacity addition, It shall be any production quantity as committed by applicant. However, in case of capacity augmentation, the production commitment shall be more than the highest of the production in last 3 preceding financial years i.e. FY 2021-22, FY 2022-23 & FY 2023-24 of the applied product sub-category. Annual Incremental production rate shall be applicable till rated capacity is achieved.
Clause No- 11.1 & 14.3.2 Committed investment is a condition to be fulfilled prior to commencement of production and claiming incentive	**Limiting investment** is a condition to be fulfilled prior claiming incentive

Thank You