

Production Linked Incentive Scheme with ₹1.91 Lakh Crore Outlay Drives Strong Industry Participation Across 14 Strategic Sectors

PLI Scheme: Strengthening India's Manufacturing Ecosystem and Deepening Localization

Posted On: 20 FEB 2026 12:13PM by PIB Delhi

The Production Linked Incentive (PLI) Scheme, with an incentive outlay of ₹1.91 lakh crore, represents a strategic reform initiative aimed at strengthening India's manufacturing base. With 836 applications approved across 14 strategic sectors, the Scheme reflects strong industry confidence and robust adoption. Since its launch, the PLI Scheme has demonstrated sustained uptake by industry and consistent expansion of manufacturing capacity.

As on 31 December 2025, the cumulative performance under the Scheme is as follows:

1. **Approved Applications:** 836 applications across 14 sectors.
2. **Investment:** Cumulative investment exceeding ₹2.16 lakh crore.
3. **Production / Sales:** Cumulative sales exceeding ₹20.41 lakh crore.
4. **Exports:** Cumulative exports exceeding ₹8.3 lakh crore.
5. **Employment:** More than 14.39 lakh direct and indirect jobs generated.
6. **Incentive Disbursement:** ₹28,748 crore disbursed as on 31 December 2025.

These outcomes indicate sustained momentum in investment inflows, production expansion, export growth and employment generation across targeted sectors.

The positive impact of the Scheme across key sectors is summarized below:

Electronics Manufacturing & IT Hardware

The PLI Scheme has strengthened India's electronics manufacturing ecosystem, positioning the country as a major hub for mobile phones and IT hardware products such as laptops, tablets, servers and all-in-one personal computers. Mobile phone imports have declined by nearly 77 per cent since FY 2020–21, while over 99 per cent of domestic demand is now met through local production. Manufacturing has expanded beyond assembly to include printed circuit board assemblies, batteries, camera and display modules, enclosures and other critical sub-assemblies, enabling deeper integration with global value chains. Domestic manufacturing capacity for IT hardware has also expanded, with progressive localisation of components reducing dependence on imports.

Pharmaceuticals & Medical Devices

The Scheme has enabled first-time domestic manufacturing of 191 bulk drugs, resulting in import substitution of approximately ₹1,785 crore and increasing domestic value addition to 83.7 per cent. Indigenous development of biosimilars, monoclonal antibodies and new chemical entities has strengthened pharmaceutical exports and supply chain resilience. Indigenous manufacturing of medical devices such as imaging systems, implants and diagnostic equipment has reduced import dependence through adoption of globally benchmarked quality systems.

Automobiles and Advanced Automotive Technology

The Scheme has catalysed investments in electric mobility, power electronics and advanced safety systems. Reported sales of ₹32,879 crore in FY 2025–26 indicate early momentum in technology-led automotive manufacturing and supplier ecosystem development.

Telecom and Networking Products

Sales of telecom and networking products have increased more than six-fold over the base year (FY 2019–20), while exports have risen to ₹21,033 crore. A significant milestone has been the deployment of India's indigenous end-to-end 4G technology stack by BSNL, positioning India among a select group of countries with such capability.

Food Processing

PLI has catalysed investments of over ₹9,200 crore across approved projects. Adoption of advanced technologies such as ARBBM spice processing systems, Tetra Recart packaging and automated seafood processing equipment has enhanced efficiency, quality and export readiness.

White Goods – Air Conditioners and LED Lights

Domestic manufacturing has commenced for critical components including compressors, motors, copper tubes and LED drivers. Domestic value addition is targeted to increase to 75–80 per cent by 2028–29, strengthening the component ecosystem.

Textiles – MMF and Technical Textiles

The Scheme has supported a shift towards high-value man-made fibre and technical textile products, with integration of PM MITRA Parks enabling scale manufacturing and improved logistics.

High Efficiency Solar PV Modules

Under Tranche I and II, the Scheme targets 48 GW of fully integrated solar PV manufacturing capacity, with investment commitments of nearly ₹52,942 crore, significantly reducing import dependence in the renewable energy sector.

From a phase of relatively higher import dependence, India's manufacturing ecosystem is witnessing progressive strengthening of domestic capabilities, with the Production Linked Incentive (PLI) Scheme contributing to this transition. Supported by sustained investment, expansion of production capacity, growth in exports and employment generation, the Scheme has emerged as an important policy instrument for enhancing manufacturing competitiveness.

By supporting strategic sectors, encouraging technology adoption and strengthening domestic supply chains, the PLI Scheme is contributing to deeper localisation, improved integration with global value chains and the long-term strengthening of India's manufacturing base.

The Production Linked Incentive (PLI) Scheme was launched in 2020 as a strategic reform initiative to strengthen India's manufacturing base, reduce import dependence, enhance global competitiveness and generate employment. The Scheme incentivises incremental production through performance-linked financial incentives, thereby enabling scale, technology adoption and supply chain integration.

The PLI framework marked a paradigm shift from traditional input-based incentives to outcome-linked support, wherein incentives are directly tied to incremental sales of goods manufactured in India over a defined base year. This approach ensures efficiency, transparency and measurable industrial outcomes, while encouraging firms to expand capacity, deepen domestic value addition and improve productivity.

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(Release ID: 2230621) Visitor Counter : 641

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