

PLI: Success and Challenges

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Evaluation of the Production-Linked Incentive (PLI) Scheme's Impact on Job Creation

The Government's flagship **Production-Linked Incentive (PLI) scheme**, introduced to bolster domestic manufacturing, has shown **mixed results** in terms of job creation across its targeted sectors. While some industries have performed well, others are lagging behind their intended objectives.

Background

Data obtained through RTI indicates **varied performance across sectors**:

- **Success Stories:** Mobile phones, food processing, and pharmaceuticals have exceeded expectations.
- **Underperforming Sectors:** Automobiles, IT hardware, specialty steel, advanced chemical cells, and textiles have struggled to gain traction.

Key Takeaways

- The **PLI scheme spans 14 sectors**, including textiles, ACC battery storage, solar modules, automobiles, IT hardware, specialty steel, mobile phones, telecom, medical devices, white goods, pharmaceuticals, food processing, drones, and drug intermediates.
- **Aimed at driving domestic manufacturing and generating employment**, the scheme has achieved partial success.

Job Creation Performance

1. Overall Impact:

- **Jobs Created:** 5.84 lakh direct jobs as of June 2024.
- **Target Achievement:** This represents **36% of the total 16.2 lakh jobs** targeted for the next five years.

2. Sector-wise Performance:

- **Mobile Phones (Large-Scale Electronics):**
 - **Jobs Created:** 1.22 lakh.
 - Significant contributors include **Apple's contract assemblers like Foxconn**,

- shifting production from China to India.
 - **Food Processing:**
 - **Jobs Created:** 2.45 lakh (nearly achieving its **2026-27 target of 2.5 lakh jobs**).
 - **Pharmaceuticals:**
 - **Strong contribution to employment**, with consistent growth.
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Underperforming Sectors

- **Automobiles and Auto Components:**

- **Jobs Created:** 32,081 against a five-year target of 1.45 lakh.

- **Solar Modules:**

- **Jobs Created:** 9,521, far below the five-year target of 1.95 lakh.

- **Textiles:**

- **Target:** 2.5 lakh jobs by 2026.
- **Actual:** Only 12,607 jobs created as of June 2024.
- **Challenges:** Stakeholders highlight **eligibility criteria** that limit smaller players.

- **Advanced Chemical Cells (ACC):**

- Aims to establish **giga-scale battery facilities**.
- **Actual Jobs Created:** 802 (as production is yet to begin).
- **Key Players:** Ola, Reliance Industries, among others.

- **Specialty Steel and IT Hardware:**

- Progress remains **slow**, with **employment targets unmet**.
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Conclusion

The **PLI scheme** has demonstrated its potential in **sectors like mobile phones, food processing, and pharmaceuticals**, driving job creation and fostering India's manufacturing base. However, the **underperformance in critical sectors** such as textiles, ACC, and IT hardware underscores the need for **revisiting implementation strategies, easing eligibility requirements**, and **addressing bottlenecks** to achieve the scheme's broader objectives.