

CABINET CLEARS PLI FOR AUTO SECTOR TO SPUR 'GREEN', HIGH-TECH

Relevant for: Economy | Topic: Issues relating to Growth & Development - Industry & Services Sector incl. MSMEs and PSUs

Eco-friendly push: The scheme will herald more efficient and green automotive manufacturing, says the government. Shanker Chakravarty

The Union Cabinet on Wednesday approved a Rs. 26,058 crore production-linked incentive (PLI) scheme to spur manufacture of advanced technology and green vehicles, auto parts and drones.

The government estimates the scheme will attract Rs. 42,500 crore in fresh investment into the automobile and auto components industry over five years, spurring incremental production of over Rs. 2.3 lakh crore and helping create more than 7.5 lakh jobs.

"It will herald a new age in higher technology, more efficient and green automotive manufacturing," the government said in a statement.

With industry struggling to recover from the twin blows of an economic slowdown and the pandemic, the scheme has been devised for both existing automotive firms and new investors.

The 'sales value linked' scheme includes a 'champion OEM' incentive applicable on battery electric vehicles and hydrogen fuel cell vehicles, while a 'component champion' incentive is for advanced automotive technology components.

"Any country which aspires to lead in a particular sector needs government support and this scheme aims to do just that in the future mobility space," said TVS Motor Company Chairman Venu Srinivasan.

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