

GOVERNMENT APPROVES PLI SCHEME FOR DRONES AND DRONE COMPONENTS

Relevant for: Science & Technology | Topic: Robotics & Artificial Intelligence

Taking another step towards realising our collective vision of an ***Aatmanirbhar Bharat***, the Central Government under the leadership of Hon'ble Prime Minister Shri Narendra Modi, has approved the Production-Linked Incentive (PLI) scheme for **drones and drone components**.

Drones offer tremendous benefits to almost **all sectors of the economy**. These include—agriculture, mining, infrastructure, surveillance, emergency response, transportation, geo-spatial mapping, defence, and law enforcement to name a few. Drones can be significant creators of **employment and economic growth** due to their reach, versatility, and ease of use, especially in India's remote and inaccessible areas.

Given its traditional strengths in innovation, information technology, frugal engineering and its huge domestic demand, India has the potential of becoming a **global drone hub by 2030**.

The PLI scheme comes as a follow-through of the liberalised **Drone Rules, 2021** released by the Central Government on 25 August 2021. The PLI scheme and new drone rules are intended to catalyse super-normal growth in the upcoming drone sector.

Thanks to the new rules and the incentive scheme, the drones and drone components manufacturing industry may see an investment of over **INR 5,000 crore** over the next three years. The annual sales turnover of the drone manufacturing industry may grow from INR 60 crore in 2020-21 fold to over **INR 900 crore** in FY 2023-24. The drone manufacturing industry is expected to generate over **10,000 direct jobs** over the next three years.

The drone services industry (operations, logistics, data processing, traffic management etc.) is far bigger in scale. It is expected to grow to over **INR 30,000 crore** in next three years. The drone services industry is expected to generate over **five lakh** jobs in three years.

TOP 15 FEATURES OF THE PLI SCHEME FOR DRONES

Illustration: PLI calculation for a manufacturer (for sample year FY 2021-22)

Claim year

Sales - Net of GST (INR cr)

Purchase - Net of GST (INR cr)

Value addition (INR cr)

PLI

rate (%)

PLI due (INR cr)

FY 2021-22

100

60

$100 - 60 = 40$

20%

$40 \times 20\% = 8$

Estimated payout schedule of PLI for drones and drone components

Claim year

Sales - Net of GST (INR cr)

Purchase - Net of GST (INR cr)

Eligible value addition (INR cr)

PLI rate for value addition (%)

Applicable PLI (INR cr)

Disburse-ment year

FY 21-22

200

120

80

20%

16

FY 22-23

FY 22-23

400

240

160

20%

32

FY 23-24

FY 23-24

900

540

360

20%

72

FY 24-25

TOTAL

1500

900

600

20%

120

TOP 15 FEATURES OF DRONE RULES, 2021 (NOTIFIED ON 25 AUG 2021)

RKJ/M

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END

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