

# Production Linked Incentive Scheme

0. Discuss the relevance of Production Linked Incentive Scheme and its impact on Indian economy.

Production Linked Incentive Scheme refers to the incentives financially given by the government to certain specific ~~spe~~ sector in manufacturing products in order to promote investment, economic growth, revenue and employment generation in the nation.

## Importance of PLIS in Indian Economy:

1. For employment generation:

1. PLIS incorporates major labour and technology intensive sectors like automobile
2. Can transform employment into production of products in global value chains.
3. (e.g) Training in Kaushal Vikas Kendras integrated with PLIS in manufacturing

2. Reducing the import dependence:

1. India imports necessary electronic components from China, South Korea
2. Thus to make India self-reliant by promoting 'Make in India'



3. Part of Global Value Chains:
1. Small parts manufactured are a miniature of a product of Global Value Chain
  2. (e.g) PLIS can promote textile, electrical parts for manufacture in mobile phones in Global Value Chains.

### Impact in Indian Economy:

1. Increase Manufacturing base:
  1. PLIS targets export specific sectors.
  2. Thus India can double its present 22% contribution through production clusters
2. Increase Investment in Economy:
  1. Investment is promoted as the products tend to be part of GVC.
  2. PLIS attracts investor confidence to get revenue generation for the economy.
3. Self-reliant Economy:
  1. Promote domestic consumption and production for Atmanirbhar Bharat
  2. PLIS can promote Indian production in weak sectors like electronics & pharma AQ1.

### Concerns and Challenges:

1. PLIS has to be implemented in wide basket to increase its impact on economy.
2. MSME should also be incorporated with PLIS