



# PLI SCHEME BULK DRUGS

Ministry of Chemicals and Fertilizers  
Department Of Pharmaceuticals



### Aatmanirbhar Bharat Vision

- Future growth of the pharmaceutical sector is contingent upon India's ability to ensure un-interrupted supply of quality bulk drugs and also our capacity to upscale their manufacturing to meet emergency situations. An intervention is required so that India becomes pharmacy of the world in a true sense
- With an aim to reduce India's dependence on import of bulk-drugs and to promote domestic manufacturing, the Indian Government has notified production linked incentive scheme ('PLI scheme').
- The Government of India has approved a scheme called the Production Linked Incentive (PLI) Scheme for promotion of domestic manufacturing of critical Key Starting Materials (KSMs) / Drug Intermediates (DIS) / Active Pharmaceutical Ingredients (APIs) in India (hereinafter referred to as 'the Scheme') which has been notified vide Gazette Notification dated 21/07/2020
- The PLI scheme proposes to provide financial incentives to selected applicants who meet various criteria for domestic manufacturing of products listed therein.

### Key Highlights

- Base year for the Scheme is 2019-20
- The tenure of the Scheme is from Financial Year 2020-21 to Financial Year 2029-30
- Gestation period of 2 years (FY 2021-22 and FY 2022- 23) is provided for eligible products manufactured by fermentation process and 1 year (FY 2021-22) for eligible products manufactured by chemical synthesis





## Eligibility Criteria

Selection	Incentive
The applicant shall make committed investment in a Greenfield Project	A selected applicant must meet both the eligibility criteria of committed investment and minimum annual production capacity as given in the Scheme guidelines
The Net Worth of the Applicant (including that of Group Companies), as on the date of application, shall not be less than 30% of the total committed investment	A selected applicant will have to separately meet the above eligibility criteria of minimum annual production capacity and committed investment for each of the eligible products, for which approval has been granted under the Scheme
The proposed Domestic Value Addition (DVA) by the applicant shall be at least 90% in case of fermentation based product and at least 70% in case of chemical synthesis based product	In case, the committed annual production capacity is more than minimum annual production capacity as given in the Scheme guidelines, the selected applicant shall have to complete the installation of committed annual production capacity and make committed investment, as stated in the approval letter, in order to be eligible to claim incentive
The applicant should not have been declared as bankrupt or wilful defaulter	If the DVA achieved for any particular claim period is between 80% to 90% in case of fermentation based product and between 60% to 70% in case of chemical synthesis based product, the applicant will get 50% of the eligible incentive. this relaxation would be available for a period of 12 months only (one claim period of 12 months or any two claim periods of 6 months) during the tenure of the Scheme





## Evaluation Criteria

Sr.No.	Criteria	Weightage
1	Committed Annual Production Capacity (in multiple of whole no's of minimum annual production capacity for each eligible products as mentioned in guidelines)	35
2	Quoted sales price of eligible products (Rs per kg)	65

## Incentive

Incentive shall be computed as : **Net Sales of Eligible Product x Rate of Incentive**

Year	Fermentation Based products	Year	Chemically Synthesized products
2023-24 to 2026-27	20%	FY23 to FY28	10%
2027-28	15%		
2028-29	5%		





- In case of in-house consumption of the eligible product, net sales shall be calculated as per the sale price quoted by applicant in the application form or actual cost of production, whichever is lower
- In case of return of sales of eligible product, the Gross Sale Turnover shall be reduced by the amount corresponding to such return of sales. If the corresponding sales have been considered for claim processing for the earlier period, the sales return shall be adjusted with Gross Sale Turnover for the period in which the actual sales return takes place

### Key points for consideration

- Manufacturer registered in India is eligible to apply. Entity could be proprietorship firm or partnership firm or LLP or a Company
- Investment to include new plant & machinery, equipment, associated utilities, transfer of technology, R&D, but shall not include land and old assets
- Eligibility under the Scheme shall not affect eligibility under any other scheme and vice versa
- The bank guarantee will be invoked if the actual commercial production is not met within 1 year of the original proposed date commercial production
- The 41 eligible products for which the Scheme is proposed covers the 53 APIs which have been approved by the Government





# Say Hello



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