ICRA

PLI and DLI schemes

Schemes meeting objectives; yet, timelines at risk of being missed as manufacturing progress varies by domestic capabilities and ecosystem

NOVEMBER 2025

Overview

Click to see full report

PLI/ DLI schemes are forecast to support aggregate investments of Rs. 2.5 trillion by March 2026, which is 60-65% of the total estimated capex under these schemes.

As of March 2025, the aggregate PLI scheme-related capex of Rs. 1.8 trillion led to incremental sales of around Rs. 16.5 trillion, with exports accounting for 30-35% of the incremental sales.

In FY2022, the Government of India (GoI) had announced the Production-Linked Incentive (PLI) scheme and subsequently Design-Linked Incentive (DLI) scheme (to be called 'incentive-linked' schemes in the report henceforth) to boost manufacturing and exports, reduce imports, attract investments and technology, and to make Indian manufacturers globally competitive. While the PLI scheme is broadly meeting its objectives in terms of incentivising private sector investments, several sectors are behind the curve in respect of the desired investment timelines, with progress varying by sectors. ICRA estimates that an aggregate of Rs. 2.5 trillion capex will be incurred by the private sector by March 2026 from the time the scheme started in FY2022 (which is 60–65% of the total expected capex outlay of Rs. 4 trillion). Against this, only 16% of the total incentive outlay (i.e., 16% of Rs. 3 trillion) would be disbursed or would become eligible to be disbursed by end-FY2026. Companies will become eligible to receive the balance incentives as and when incremental production/ sales is achieved over time.

Capex

- Of the total expected capex (GoI's estimates in FY2022 at scheme launch) of close to Rs. 4.0 trillion to be incurred by corporates under the incentive-linked scheme, Rs. 1.8 trillion had been invested as of March 2025. ICRA projects Rs. 2.5 trillion of aggregate capex to be incurred by March 2026, which is 65% of the total estimated capex for the scheme.

Incremental Sales/Production# and exports

- Incentives under most of the sectors are linked to incremental sales/production.
- The current capex deployment has led to incremental sales of around Rs. 16.5 trillion (as of March 2025.
- Exports surpassed Rs. 5.3 trillion till November 2024, which was 30-35% of the incremental sales/production, with significant contributions from sectors such as Largescale Electronics Manufacturing, Pharmaceuticals, Food Processing, and Telecom & Networking products.

#For calculation of incentives, incremental sales/production is calculated as sales/production over a given period minus the sales/production in the base year

Overview

About 16% of the incentive scheme outlay will be utilised by FY2026, as per the GoI's BE. To fully utilise the scheme's outlay, the PLI scheme will require sustained effort from the GoI, such as additional application rounds, further outlay allocations, amendment in policies etc., to attract investment across sectors.

Outlay utilisation

- For some of the sectors such as drones and mobile phones, the outlay utilisation is high as of March 2025; however, for some other capital-intensive sectors like solar PV modules and ACC batteries the utilisation is lower.
- About 16% of the incentive scheme outlay will be utilised by the end of FY2026, as per the GoI's Budget Estimates (BE).

Channel checks

- ICRA has conducted channel checks, including discussions with its rated issuers across various sectors, who have availed PLI benefits - to gather management perspectives on the progress achieved so far and the near-term outcomes expected from the PLI scheme.
- Channel checks indicate that some entities have experienced operational delays (regulatory, infrastructure, supply chain) and, in certain cases, delays in receiving incentives.

Employment

- As per the Ministry of Commerce and Industry, the scheme has generated direct and indirect employment for 12 lakh individuals between FY2022-FY2025.

Rapid gains have been observed in electronics, pharmaceuticals, and telecom, whereas sectors such as ACC batteries and solar PV modules are progressing more slowly. The drones PLI is benefitting micro, small and medium enterprises (MSMEs), and the food products PLI is supporting farmers and the rural economy.

Although the PLI scheme is broadly meeting its objectives, most sectors have not met the intended timelines, with progress varying according to domestic capabilities and the manufacturing ecosystem. The GoI continues to refine allocations and schemes and invite new applications to enhance efficiency and investment. However, sustained effort will be required in the coming years to fully realise the schemes' potential.

*Note: *RE – Revised Estimates and BE – Budgetary Estimates*

Analytical Contact Details

Name	Designation	Email	Contact Number
Aditi Nayar	Chief Economist and Head – Research and Outreach	aditin@icraindia.com	0124 - 4545 385
Jitin Makkar	Senior Vice-President and Group Head	jitinm@icraindia.com	0124 – 4545 368
Madhura Nejjur	Assistant Vice-President	madhura.nejjur@icraindia.com	022 - 6114 3417

ICRA Business Development/Media Contact Details

Name	Designation	Email	Contact Number
L Shivakumar	Chief Business Officer	shivakumar@icraindia.com	022-61693304
Sai Krishna	Head - Research Sales and Investor Connect	sai.krishna1@icraindia.com	9840774883
Rohit Gupta	Head Business Development – Infrastructure Sector	rohitg@icraindia.com	0124-4545340
Vivek Bhalla	Head Business Development – Financial Sector	vivek.bhalla@icraindia.com	022-61693372
Vinita Baid	Head Business Development – East	vinita.baid@icraindia.com	033-65216801
Shivam Bhatia	Head Business Development – Corporate Sector – North & South	shivam.bhatia@icraindia.com	0124-4545803
Sanket Kulkarni	Head Business Development – Corporate Sector – West	sanket.kulkarni@icraindia.com	022-6169 3365
Naznin Prodhani	Head - Group Corporate Communications & Media Relations	communications@icraindia.com	0124-4545860

ICRA

Thank You!