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Cabinet approves Production Linked Incentive Scheme for pharmaceuticals

The Union Cabinet has approved a PLI Scheme for pharmaceuticals for the financial year 2020-21 to 2028-29. The scheme will benefit domestic manufacturers, help in creating employment and is expected to contribute to the availability of a wide range of affordable medicines for consumers. The objective of the scheme is to enhance India's manufacturing capabilities by increasing investment and production in the sector and contributing to product diversification to high-value goods in the sector. One of the further objectives of the scheme is to create global champions out of India, who have the potential to grow in size and scale, using cutting-edge technology and thereby penetrate the global value chains.

Key features of the scheme:

Target groups and incentives: The manufacturers of pharmaceutical goods registered in India will be grouped based on their global manufacturing revenue to ensure wider applicability of the scheme across the pharmaceutical industry and meet the objectives of the scheme. The qualifying criteria for the three groups of applicants will be as follows:

Group	GMR	Quantum of incentive
A	More than or equal to INR 5000 crore	INR 11,000 crore
B	Between INR 500 crore (inclusive) and INR 5000 crore	INR 2,250 crore
C	Less than INR 500 crore	INR 1,750 crore

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Category group and incentive scheme:

Category	Pharma goods	Rate of incentive	
		Rate	Year
Category 1	Biopharmaceuticals; Complex generic drugs; patented drugs or drugs nearing patent expiry; cell-based or gene therapy drugs; orphan drugs; special empty capsules like HPMC, pullulan, enteric, etc.; complex excipients; phyto-pharmaceuticals; other drugs as approved.	10% of incremental sale value	First 4 years
		8% of incremental sale value	5 th year
		6% of incremental sale value	6 th year
Category 2	Active pharmaceutical ingredients/key starting materials/drug intermediates.	10% of incremental sale value	First 4 years
		8% of incremental sale value	5 th year
		6% of incremental sale value	6 th year
Category 3	Repurposed drugs; auto immune drugs, anti-cancer drugs, anti-diabetic drugs, anti-infective drugs, cardiovascular drugs, psychotropic drugs and anti-retroviral drugs; in vitro diagnostic devices; other drugs as approved; other drugs not manufactured in India.	5% of incremental sale value	First 4 years
		4% of incremental sale value	5 th year
		3% of incremental sale value	6 th year

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Duration: The duration of the scheme will be from FY21 to FY29. This will include the period for processing of applications (FY21), optional gestation period of one year (FY22), incentive for 6 years and FY29 for disbursal of incentive for sales of FY28.

Promotion of employment: The scheme is expected to generate employment for both skilled and unskilled personnel, estimated at 20,000 direct and 80,000 indirect jobs as a result of growth in the sector.

Increased investment: The scheme is expected to bring in investment of INR15,000 crore in the pharmaceutical sector.

Value addition: The scheme is expected to promote the production of high-value products in the country and increase the value addition in exports. Total incremental sales of INR 2,94,000 crore and total incremental exports of INR1,96,000 crore are estimated during six years from 2022-23 to 2027-28.