# Cabinet approves expansion of PLI scheme for solar PV modules

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**What's in News?**

The Union Cabinet approved Production Linked Incentive (PLI) Scheme on '**National programme on High Efficiency Solar PV Modules'** for achieving manufacturing capacity of Giga Watt (GW) scale in High Efficiency Solar PV Modules.

**News Highlights:**

- The Union Cabinet cleared a ?**19,500-crore scheme** to incentivise manufacturing of domestic solar cell modules to **reduce the industry's reliance on China-made panels**.
- This is a follow-up to ?4,500-crore tranche that was cleared in November 2020.
- Bidders for projects would be given performance-linked incentives (PLI) to set up and run manufacturing facilities that will span the entire production cycle of modules from making the polysilicon cells, ingots, wafers and panels to assembling modules that are used to produce electricity.
- The PLI will be disbursed to firms after they set up their manufacturing units and the money disbursed over five years.

**Significance of the Move:**

1. This helps to **reduce the dependence on Chinese and other foreign markets** thereby saving India close to ?1.37 trillion in imports.
2. This helps to incentivise the setting up of integrated manufacturing facilities because there is no installed capacity in India to manufacture polysilicone and wafers (the raw material for solar panels).
3. This would bring in a **direct investment** of around ?94,000 crore, **directly employ** about 1,95,000 and indirectly around 7,80,000 persons.
4. This also helps India to **adhere to the international climate commitments**, to a target of installing 5,00,000 MW of electricity from non-fossil fuel-based sources by 2030 and this translates to 2,80,000 – 3,00,000 MW from solar electricity alone.
5. This would make **Indian-manufactured solar PV modules competitive in the market**.

**National Programme on High Efficiency Solar PV Modules:**

**Aim:** To promote manufacturing of high efficiency solar PV modules in India and thus reduce import dependence in the area of Renewable Energy.

**Objectives:**

a. To build up solar PV manufacturing capacity of high efficiency modules.

b. To bring cutting edge technology to India for manufacturing high efficiency modules. The scheme will be technology agnostic in that it will allow all technologies. However, technologies which result in better module

performance will be incentivized.

c. To promote setting up of integrated plants for better quality control and competitiveness.

d. To develop an ecosystem for sourcing of local material in solar manufacturing.

e. Employment generation and technological self-sufficiency

The PLI scheme will be implemented by Ministry of New and Renewable Energy through **Indian Renewable Energy Development Agency (IREDA) as Implementing Agency.**

**PLI Scheme:**

- In order to **boost domestic manufacturing and cut down on import bills**, the central government in **March 2020** introduced a scheme that aims to give companies incentives on incremental sales from products manufactured in domestic units.
- Apart from inviting foreign companies to set shop in India, the scheme also aims to encourage local companies to set up or expand existing manufacturing units.
- PLI schemes are a **cornerstone of the 'Make in India' campaign** which wants to reduce India's dependence on exports and transform it into a global manufacturing hub.
- The schemes can also boost exports and result in a favourable balance of trade with many nations.
- PLI schemes can also **generate employment and enhance India's manufacturing capabilities**.
- Currently, the Production Linked Incentive (PLI) **scheme covers 14 sectors** like pharma and white goods (White goods are large household items such as cookers, washing machines, dryers, fridges and freezers that use electricity, gas or some other kind of fuel)