

‘PLI will allow AC sector to compete globally’

PTI NEW DELHI, NOVEMBER 05, 2021 22:54 IST

UPDATED: NOVEMBER 05, 2021 22:54 IST



Firms see 3-fold jump in value added

The production linked incentive (PLI) scheme approved by the Centre earlier this week would help provide a level-playing field to domestic players and create an enabling environment for the industry to compete globally, leading manufacturers said.

Firms would get an opportunity to make high-quality products on par with global counterparts, said industry players such as Daikin, Blue Star and Panasonic.

On Wednesday, the government had said it would select 42 firms as beneficiaries under the PLI scheme for the white goods sector. The selected applicants include 26 for air-conditioner manufacturing with a committed investment of ₹3,898 crore.

The highest approved proposal of ₹538.70 crore was from Japan’s Daikin Industries. Its subsidiary Daikin Airconditioning India plans to manufacture compressors, heat exchangers,

sheet metal components and plastic moulding components under the PLI scheme at Sri City, Andhra Pradesh, where it is setting a 75-acre greenfield project.

“This investment is not only for India, but we are also looking for an exports market in a big way... We have been observing the government approach. It’s quite positive,” Daikin India CMD K.J. Jawa told PTI.

Via the PLI scheme, the firm is aiming to make India a production hub for the African and West Asian market, he said. “We are looking at [a] China-plus-one model and capitalising on the current resistance against China after the pandemic. Daikin has established itself very well in the last few years... We would be putting up a compressor plant, device factory and also heat exchanger,” he added.

‘More locally-made ACs’

Panasonic India CEO Manish Sharma said: “Last year, the Indian AC market was pegged at around 7.5 million. Of this, 2.5 million were imports, which have come down significantly due to the ban on the import of gas-filled ACs.

“We expect the market to touch 9 million this year; of this, 8-8.5 million will be [made] locally. Currently, ACs come with 25% local value addition; with the current PLI scheme, this can go up to 75% in the next 3-5 years,” he said.

Blue Star MD B. Thiagarajan said it had received approval for heat exchangers and sheet metal components for its upcoming project at Sri City.

“The component ecosystem in the country in the next three years would be good,” he said.

Consumer Electronics and Appliances Manufacturers Association President Eric Braganza said: “The scheme would lead to inclusive growth, which in turn will aid in creating more job opportunities in the country and will also put an upward thrust in the economy by bringing in large-scale manufacturing to India.”

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