

## Union Cabinet clears PLI scheme to make India a drone hub by 2030

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Aneesh Phadnis | Mumbai September 15, 2021 Last Updated at 23:52 IST



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The Union Cabinet on Wednesday cleared a production-linked incentive (PLI) scheme to make India a drone hub by 2030.

The PLI scheme will provide up to 20 per cent incentive to manufacturers of drones and drone components. It comes close on the heels of the recent liberalisation of rules, which has made owning and operating drones easier.

The government has allocated Rs 120 crore for the scheme and it will be spread over three years. This amount is nearly double the combined turnover of all domestic drone manufacturers in FY21, the ministry of civil aviation

said in a press release. Manufacturers will get an incentive of up to 20 per cent on the value addition made by them.

The government expects the drone manufacturing sector to attract investment of over Rs 5,000 crore. It sees a jump in the sector's turnover from Rs 60 crore now to Rs 900 crore in FY24. It is also expected to generate 10,000 direct jobs, the ministry said.

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Industry players and experts have supported the government's move. "Currently, 90 per cent of drones in use in India are imported. There is no component ecosystem in the country and most of the major components are imported, especially from China. The government is giving the deserved recognition to the drone industry. It will now be upon local manufacturers to produce world-class products and scale up their research and development," said Ameet Nichani, owner of Ascom Systems, which designs and develops drones.

"This PLI scheme is a welcome step to incentivise drone manufacturing and allied industries," said Huzefa Tavawalla, head of disruptive technologies practice at Nishith Desai Associates.

Start-ups are eligible to get incentives under the scheme based on their annual turnover. Manufacturers of drone related-IT products are also covered under the scheme. Tavawalla added the government needs to clarify whether the scheme will extend to both software and hardware.