Centre likely to roll out EV policy guidelines by September-end

Plan includes provisions for reduced duties on imported cars contingent on committed funding

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THE BLUEPRINT

- **Seeks to enhance electric vehicle** manufacturing by enticing investment from global players
- **Aims to provide a window of 120 days** or more from date of the scheme's notification to receiving applications
- **All OEMs will qualify** for reduced import taxes on certain EVs if they commit to invest ₹4,150 cr and more
- **Allows reduced import duties** on interested EV makers to 15 per cent from the current 70 per cent

Policy guidelines on the Centre's "Scheme to Promote Manufacturing of Electric Passenger Cars in India" (SPMEPCI), which include provisions for reduced customs duties on imported cars if there is a concomitant investment commitment in India, are expected to come by September, according to officials.

According to government officials working on the scheme, the portal for original equipment manufacturers (OEMs) to submit applications will open only after the guidelines are released.

"We are finalising the guidelines, which will take around two months," an official told *Business Standard*.

The scheme provides a window of 120 days or more from the date of its notification to receive applications.

The notification for the scheme was issued on March 15, 2024. "Applications will be invited within 120 days (or more) of notification of this scheme," the scheme notification said.

Officials say the delay in releasing the guidelines is because of the Lok Sabha elections and Budget preparations. "The policy guidelines do not have a deadline," an official said.

However, industry executives suggest the delay is because of a lacklustre response to the scheme from automakers. "Tesla ghosting the government is the reason for this delay. The government will release the guidelines only after getting the nod from Elon Musk (Tesla chief)," an industry executive said.

Top government officials say Tesla is silent on its proposed participation in the flagship scheme. Department for Promotion of Industry and Internal Trade Secretary Rajesh Kumar Singh on Thursday said "the tweet after the election is the last we have heard from Tesla".

The scheme allows reduced import duty for interested electric-vehicle makers to 15 per cent from 70 per cent now, or 100 per cent on vehicles having a CIF (cost, insurance, and freight) value of \$35,000 (₹29 lakh) and above for five years from the date of issuing the approval letter by the government.

According to the scheme's notification, all original equipment manufacturers (OEMs) will qualify for reduced import duty on certain electric vehicles if they invest at least \$500 million (₹4,150 crore) and establish a manufacturing plant within three years.

Though the guidelines are being finalised, officials said the basic eligibility criteria for the scheme would remain unchanged.

Eyeing fresh investment

The scheme seeks to enhance EV manufacturing in the country by attracting investment from global players such as Tesla and Chinese giant BYD, which do not have manufacturing plants in India, as well as from existing players like VinFast, Kia, Škoda, BMW, and Mercedes-Benz.

Vietnam-based EV player VinFast showed concern about the investment criteria during the Ministry of Heavy Industries' initial consultations in April. The company advocates including its prior investment in India to qualify for incentives under the scheme.