

India may slash EV import tax to secure UK trade deal

30% tariff being considered on 2,500 EVs imported annually from UK

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India is proposing reducing import taxes on some electric vehicles from the United Kingdom (UK) in an effort to clinch a free-trade deal between the two nations by the end of the year, according to two people familiar with the discussions.

New Delhi is considering a concessional tariff of 30 per cent on 2,500 electric vehicles imported annually from the UK priced above \$80,000 (about ₹66 lakh), the people said, asking not to be identified as the talks are private. India currently levies taxes between 70 per cent and 100 per cent on cars imported as completely built units, depending on their value.

The UK's demand for import concessions on electric vehicles is one of the few outstanding issues in the free trade talks. British Prime Minister Rishi Sunak and Prime Minister Narendra Modi had hoped to finalise the agreement by the end of last month, but it's unlikely a deal will now be announced until December, Bloomberg News previously reported.

India's trade ministry did not immediately respond to a request for information.

A spokesperson for the UK trade department declined to comment as the talks are still ongoing. India is the world's most populous country, with demand for electric vehicles rising among middle-class and wealthy buyers.

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INDIA'S EV PLAY

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The adoption of EVs in the country has been held back by the high cost of the cars, a dearth of options and lack of charging stations. Opening up the EV segment of the market could also speed up cleaner transport in a nation with the world's most toxic air.

Electric vehicle sales in India stood at 49,800 last year, making up just 1.3 per cent of the 3.8 million passenger vehicles sold, according to BloombergNEF.

In India's cost-conscious market, the country's best-selling electric car, Tata Motors's Nexon.ev, is priced at less than \$18,000 (about ₹15 lakh). German luxury automakers BMW AG, Mercedes-Benz Group AG and Volkswagen AG's Audi sell electric cars above \$80,000 in India.

Modi's government is trading cautiously on the EV imports as it seeks to build a domestic manufacturing industry for electric vehicles and parts.