

● INTER-MINISTERIAL GROUP TO DECIDE ON DETAILED PLAN

New EV policy may offer firms import tariff relief

MUKESH JAGOTA & ROHIT VAID
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A COMPREHENSIVE POLICY to encourage electric vehicles (EV) manufacturing in the country may give the players the facility to import these vehicles, including as completely built units (CBUs), at concessional tariffs for an initial period, a senior official said.

These incentives, however, would be subject to definitive investment obligations in greenfield EV plants in the country.

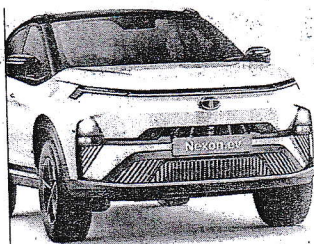
The extent of investment obligation as well as the rate of increase in the local content of the sales by EV players would be decided by an inter-ministerial group (IMG), the source said.

According to a proposal under consideration, interested auto players will be allowed to import "a certain number of CBUs" in lieu of their investment commitments. However, this number will be regulated in keeping with the actual investments made by the car

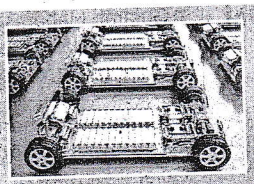
MAKE IN INDIA PUSH

■ Incentives to be subject to definitive investment obligations in greenfield EV plants

■ Firm to qualify for tariff concession only after making initial investment



■ Sharing know-how with local component suppliers, future export plan may be key considerations



■ Auto players will be allowed to import a certain number of completely built units in lieu of investment commitments

maker on a periodic basis.

A firm will qualify for the tariff concession only after making an initial investment in the country the source indicated.

Besides, other conditions such as sharing of technical know-how with local component suppliers and future export plan may be part of the package that combines incen-

tives with investment obligations.

It is widely expected that import duties might be slashed under the new EV manufacturing scheme to attract the likes of Tesla. These duty reductions are expected to be administered at different price points.

As per the sources, rather than a cash incentive to boost either

demand or supply, the proposal's larger aim is to set up cluster-based manufacturing of EVs.

Till now, views from the various ministries such as commerce and heavy industries have already been sought, while the department for promotion of industry and internal trade (DPIIT) has been anchoring the whole process to form the policy initiative.

Nevertheless, sources said that an IMG may be required to be set up to resolve any differences within the government departments, as key deliverables surround sensitive subjects like the magnitude of concessional import duty rates, the extent of investment and pace of scaling up of local manufacturing in a phased manner.

"A lot of work needs to be done to fine tune the proposals into a workable policy initiative."

The government already runs four different schemes to aid local manufacturing of electric vehicles; how these are aligned to the new proposals would be a challenge.