

# India open to changing EV policy to attract global firms

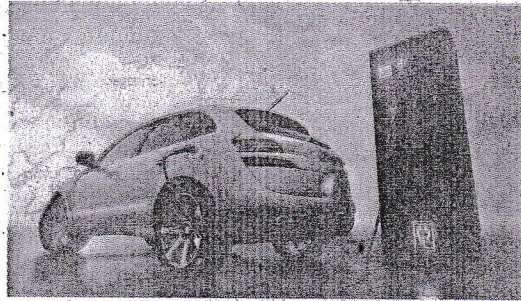
**GREEN DRIVE.** Tariff rates will be fixed keeping in mind trade pact with the US: Sources

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New Delhi

India is open to changing its electric vehicle (EV) policy — the Scheme to Promote Manufacturing of Electric Passenger Cars in India (SPMEPCI) — subject to final tariffs on imported cars as this scheme is based on customs duties.

However, it will be tweaked once the final tariff rates are decided under the bilateral trade agreement (BTA), government sources told *businessline*. The scheme was announced on March 15, 2024, but hasn't taken off yet as the guidelines are still being drafted.

"We will cross the bridge when we get there... Whatever scheme is made, with the Ministry of Finance (Department of Revenue) and the concerned Ministry... government can always revise/change the scheme and then come out with the notification. Hypothetically, we do not know at



**MAKE IN INDIA PUSH.** The SPMEPCI aims to attract investments from global EV manufacturers like Tesla and establish India as a global EV manufacturing hub

what tariff rate it will be fixed," a senior government official said.

## IN FINAL STAGES

The official also added that the scheme is in the final stages and the Ministry of Heavy Industries can notify it in two weeks.

The SPMEPCI aims to attract investments from global EV manufacturers like Tesla and establish India as a global EV manufacturing hub. According to the

scheme, the manufacturers are required a minimum investment of \$500 million (around ₹4,200 crore), domestic value addition (DVA) of minimum 25 per cent by the end of the third year (once the investment starts) and 50 per cent by the end of the fifth year.

Also, such EV companies can import their vehicles valued at \$35,000 or more at a reduced customs duty of 15 per cent (from more than 100 per cent currently) for a

period of five years, subject to meeting the minimum investment and DVA requirements.

## PLI SCHEME

The scheme aims to promote the 'Make in India' initiative and foster employment generation within the EV manufacturing ecosystem. The proposed scheme is also aligned with the production-linked incentive (PLI) scheme for automobiles and auto components.

According to government officials, any foreign company can invest under this scheme, except Chinese companies or any company from neighbouring countries, which comes under Press Note.3 of the government under the FDI policy.

According to this, an entity of a country, which shares land border with India or where the beneficial owner of an investment into India is situated in or is a citizen of any such country, can invest only under the government route.