# Govt plans new course for EV localisation

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## PUTTING FORTH KEY DEMANDS

- Reduce the number of EV components under PMP from 18 to 12
- Mandate domestic manufacturing for all components, including those eliminated from PMP list
- Prohibit import of battery packs and modules in CKD
- Limit imports for vehicle control units and onboard chargers to semiconductor devices and electronics only
- Include four components under PMP for four-wheelers and e-buses: electric compressor for HVAC and brakes, AC charging inlet, and DC charging inlet
- EV companies oppose mandatory PCB manufacturing due to limited domestic supply; will discuss with the ministry

The Ministry of Heavy Industries is discussing a phased manufacturing programme (PMP) with stakeholders, requiring stricter localisation for electric vehicle (EV) makers to qualify for the proposed Faster Adoption and Manufacturing of (Hybrid &) Electric Vehicles (FAME-III) subsidy scheme.

In its recent discussions with stakeholders, the ministry suggested reducing the number of components under PMP in FAME-III from 18 to 12.

Components such as power and control wiring harnesses, connectors, miniature circuit breakers, electric safety devices, lighting, and body panels, which have been eliminated from the list, will now have to be domestically manufactured.

Moreover, the ministry reiterated that all other parts, components, and sub-assemblies of EVs must be domestically manufactured and assembled. It has asked automobile (auto) companies to provide feedback on the proposed changes.

For components under PMP, a clear path for localisation is being discussed. For instance, in electric two-wheelers, three-wheelers, and electric rickshaws, only the cell and associated thermal and battery management systems can be imported. Battery modules or complete battery packs in completely knocked down form will not be permitted. All other parts required to assemble the battery pack must be domestically procured or manufactured. For onboard chargers, only the semiconductor device and electronics can be imported. All other components, including the assembly of the finished product (such as printed circuit board (PCB) manufacturing and soldering of electronics), must be done domestically.

In the case of vehicle control units and direct current (DC)-to-DC converters, only semiconductor devices and electronic components can be imported. All other parts, including PCB manufacturing, must be sourced domestically.

For the traction motor — another key EV component — only permanent magnets, Hall Effect sensor kits, and the encoder can be imported, while all other components must be domestically procured.

The ministry has also made it clear that local suppliers importing finished parts (traders who then sell to auto companies) and direct imports from foreign sources will not qualify for PMP and FAME-III.

The ministry has defined activities that qualify as indigenous sources eligible for PMP and FAME-III. These include local sourcing of raw materials and child parts, local assembly of finished products, and partial import combined with partial local sourcing of raw materials and child parts, followed by local assembly of finished products.

However, EV makers are planning to raise a key concern: the government's mandatory requirement for domestic PCB manufacturing across components under PMP. They argue that the domestic base for PCB manufacturing is extremely limited, creating a stumbling block.

A senior executive of an auto company said, "In the recent Union Budget, the government reduced duty on PCBs, indicating that not enough is being manufactured domestically. While mobile device manufacturers are allowed to import PCBs, why should EV makers be forced to procure them domestically?"