

# No impact on mass market cars

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The India-EU FTA will have a negligible impact on vehicle pricing. Major international manufacturers primarily import vehicles in 'completely knocked down' form to take advantage of the existing 15 per cent duty rate, and the reduction of tariffs on completely built units will affect only a limited number of high-end imports.

According to sources, the agreement will gradually allow up to 2.5 lakh Europe-made vehicles to enter India at preferential duty rates of 10 per cent from the current 110 per cent. This quota of cars is far above the 37,000 unit quota extended to the UK under a separate deal.

Of the total, around 1.6 lakh units with internal combustion-engines will see import duties falling to 10 per cent within five years, while the same levy will kick in by the 10th year for 90,000 electric vehicles so that the Indian EV market is protected.

Industry experts said the trade pact will benefit



**SMOOTH RIDE.** The deal will gradually allow up to 2.50 lakh Europe-made vehicles to enter India at duty rates of 10%

European auto majors such as the Volkswagen Group, which owns Audi, Lamborghini and Skoda, Mercedes-Benz, Stellantis and Renault. "The FTA opens up new avenues for customers with improved vehicle allocations, better availability of top-end global models for Indian market, faster access to the latest technology, creating a stronger luxury car ecosystem. Mercedes-Benz will, however, continue to value add to customers with local production of world-class models from our manufacturing plant," said Santosh

Iyer, MD and CEO, Mercedes-Benz India.

## FINAL IMPACT

However, sources said the final impact can be calculated only after the Indian Cabinet and European Parliament implement the deal with the exact tariffs for each category.

"While we look forward to specific details of the India-EU FTA with respect to the auto industry, the calibrated approach to balance market access and domestic manufacturing should give us a win-win between increased

global participation on one hand and growth of the domestic auto industry with investments and employment on the other hand. This will also enable increased choice for consumers in both regions," said Shailesh Chandra, President, Society of Indian Automobile Manufacturers (SIAM).

Similarly, Automotive Component Manufacturers Association of India (ACMA) said the India-EU FTA is expected to create a framework for resilient, trusted and diversified supply chains at a time when global supply chains are undergoing major realignments.

"It has the potential to unlock new opportunities for exports, technology partnerships and investment-led growth. As global OEMs and suppliers look to build resilient supply chains, a well-balanced and pragmatic FTA can position India as a reliable manufacturing and sourcing partner for Europe, while strengthening our long-standing industrial partnership," said Vikrampati Singhania, President, ACMA.