

German govt may oppose EV duty cuts

India Considers Reduced Tariff Of 15% To Attract Investment From Tesla, Other Cos

Pankaj.Doyal@timesgroup.com

New Delhi: As the government looks to roll out a much-subsidised import duty tariff regime for electrics made by Tesla and other carmakers, the German government is planning to file a protest over the measure as it fears that brands such as Mercedes-Benz, Volkswagen group and BMW stand to lose in a "one-sided effort to promote just one brand".

Top sources said the German government has started work on creating a communication that it intends to submit to its Indian counterparts, especially the Department for Promotion of Industry and Internal Trade (DPIIT), which is spearheading the efforts to get Tesla to invest in India. "We are preparing our views on the matter, and are in touch with local officials of the German car companies in India, while also taking up the issue with the German Association of the Automotive Industry (VDA)," sources told **TOI**.

As reported by **TOI**, the government has said the scheme will not be focused on one or two players and will be put in place for the entire auto sector and will follow consultations with domestic and international players.

Yet, German authorities are of the view that its companies may be "at a disadvantage" under the new tariff regime, that may offer lower import duty for companies, which are willing to make

new investments in India. "Our companies were some of the early investors in India, bringing in massive funds, technology, and jobs here. It would be unfair to leave them out of any subsidised regime just because they will not ma-

never been tried in the past. At least one German giant had also proposed the mechanism to Indian authorities.

The move has also got Indian companies such as Tata Motors and Mahindra & Mahindra worried, with Japanese

AUTO INDUSTRY'S CONCERN

- Existing carmakers fear they will be at a disadvantage if Tesla comes with the import duty sops
- German players Mercedes, BMW, VW among those who fear they will lose out despite being early investors
- Indian, Korean companies are worried as they are

What's Indian government's stand?

- No company specific concession will be given
- Package will be finalised in consultation with the auto sector

readying an EV line-up

- Japanese players are betting on hybrids in the absence of EV portfolio



Why are tariffs crucial?

- For over two decades, India has maintained high duty to check import of cheap cars and create a strong base for production and export of automobiles, components

ke fresh investments like a new player such as Tesla," a source said. "We need a level-playing field and one that recognises those companies, which have already invested here in green technologies."

The Indian government is considering a proposal that could see import duty on electric cars come down to 15%, against a peak duty of 100%, to get companies such as Tesla and others to invest in electrics. These companies will, however, have to commit to investing in a manufacturing facility within a stipulated period of time, a policy that has

se and Korean players also opposed to any special concessions. They are also arguing that a duty cut now will not be in sync with the government's previous commitment that those investing early and locally will be rewarded.

Some of the Japanese players, which are yet to enter electric segment, are worried about fate of hybrids, something they are betting on till their EVs roll out on Indian roads. The Korean companies have also invested in India for electrics and feel concessions for new players will not be good for level-playing field.