

It's desis vs MNCs on EV duty cut

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NEW DELHI: It's turning out to be a local versus MNC battle when it comes to import duty on electric cars. While top MNC companies — led by Elon Musk of Tesla and others such as Mercedes-Benz, Hyundai and the Volkswagen group of companies — have pitched for a cut in duty on imported electric vehicles (EVs), domestic ones have rejected the demand, saying this would be against the philosophy of boosting local investments and manufacturing.

Leading the local opposition are heavyweights like Maruti Suzuki and Tata Motors. "What is the merit for the industry?" Maruti MD & CEO Kenichi Ayukawa said when asked about demands made by MNC players for a reduction in import duty. Ayukawa — who also heads auto industry body

Society of Indian Automobile Manufacturers — said making products locally should be the essence, even for technologies such as electric. "We are producing here. This is a benefit to the customer. Just bringing a product here and selling it, what kind of merit (does it serve)?" he told TOI.

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AGAINST

➤ "What is the merit for industry?" says Maruti MD & CEO **Kenichi Ayukawa** on import duty reduction



➤ Incentivising localisation remains key to drive higher adoption of electrics and making them affordable, says **Tata Motors**

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➤ Clean energy vehicles are being treated the same as diesel or petrol, which does not seem entirely consistent with climate goals of India, argues Tesla chief **Elon Musk**



➤ Government should initially allow companies to test market global products by lowering import duty, says **Skoda Auto**

Tata Motors had also opposed the move. The Tata Group, which was once speculated to be in talks with Tesla for its Indian foray, has said the demand "goes contrary" to the government's specialised FAME (Faster Adoption and Manufacturing of Hybrid and Electric vehicle) policy, which seeks localisation and indigenisation of green vehicles.

Shailesh Chandra, president of Tata Motors' passenger vehicles business unit, said incentivising localisation remains the key to drive higher adoption of electrics and making them affordable, and thus efforts should be made to make the products and components within the country against subsidised imports.

However, those seeking a review have pushed their case. When asked by one of his Twitter followers about plans for a Tesla factory in India, Musk had said in July, "We want to do so, but import duties (in India) are the highest in the world by far of any large country!... We are hopeful that there will be at least a temporary tariff relief for electric vehicles..." Musk said clean energy vehicles are being treated the same as diesel or petrol, "which does not seem entirely consistent with the climate goals of India".

India imposes 100% duty on import of fully imported cars with CIF (cost, insurance and freight) value over \$40,000 and 60% on those costing less than the amount.

Skoda Auto global chairman Thomas Schaefer also said the government should initially allow companies to test market global products by lowering duty. "Electric cars can't be penalised. If you believe that this is the future, then till the time until they are localised in India, you cannot penalise them (with higher duty). Otherwise, you will stop the development and you stop movement in market, and you lose connection with rest of the world."

Hyundai India MD S S Kim said a duty cut is needed till the time green technologies are localised. "It will take OEMs time to localise EVs up to 100%. We are developing 'Made in India' affordable mass-market EVs, but at the same time, if the government allows some reduction in the duty on imported CBUs, that would be very helpful for all of us to create demand and reach scale."

While Mercedes India head Martin Schwenk called import duty rates in India "outrageous", his India counterpart at Audi, Balbir Singh Dhillon, raised concerns over "high tax rates and policy uncertainty".