

# India to be global hub for EV mfg: Goyal

While talks have been going on for several months, the policy to lower duty cuts for foreign electric carmakers such as Tesla was announced barely 24 hours before the model code of conduct for general elections comes into effect.

In its discussions with govt last year, the Elon Musk company had indicated that it may use India as the hub to produce lower-cost vehicles for the domestic market and for exports. Musk had met PM Modi and also held talks with commerce & industry minister Piyush Goyal.

Recently, companies such as VinFast had announced its plan to invest \$2 billion in India in setting up a facility in Tamil Nadu.

With the application window to be opened over the next 120 days, the Vietnamese company may be eligible to apply. Foxconn too is working on an electric car, although it's looking at cheaper options. Some of the other players, such as BMW are also keen to get their EV portfolio to India.

Tesla's rival BYD, which is already in India, is finding it hard to expand its capacity given the checks on Chinese investment. MG Motor, another Chinese company, is hoping to scale the FDI wall

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## Govt eyes special scheme for EVs

May Bring Phased Mfg Plan To Get Tesla, Others To Invest, Build Ecosystem

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**INCENTIVES WON'T HURT DOMESTIC COS**

► A phased manufacturing plan type of scheme will cater to the needs of the entire industry

► Incentives in the EV segment will meet domestic demand and create a base for exports. It will help develop capacity without affecting domestic players

► Tesla has indicated that it is willing to bring its entire ecosystem, including vendors, to India

► Recently, executives from India's global team had met officials from the heavy industries ministry. They had pitched for allowing duty-free import of EVs for three years, after which they intended to invest in a manufacturing facility

Tesla has indicated that the company is willing to bring its entire ecosystem, including vendors, to India, sourcing goods worth around Rs 12,000 crore from India, sources said. During the initial rounds of discussions, government officials had told Tesla executives that the company could come through the PMP or FAME (faster adoption & manufacturing of electric vehicles) route.

As reported first by TOI on July 13, the company is looking to set up a factory to produce vehicles priced around Rs 30 lakh, with a capacity of around five lakh units. In recent months, apart from other global majors

## Centre mulls low import duty for Tesla, others if they vow local production soon

New Delhi: The Centre is considering a policy regime for high-end, technologically sophisticated vehicle manufacturers, such as Tesla, which focus on creating a framework for domestic manufacturing involving local sourcing, reports Pankaj Doval.

The plan involves a cut in import duty on fully built green cars in the initial years—to as low as 15% from the current peak of 100%—provided the

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► Plan to lower import tariffs could be setback for ambitious green plans of firms like Tata and Mahindra

► Will be big boost for Tesla, BMW and Audi that want to enter India, but first want to test-market their products

► Tesla has indicated to govt it wants to set up a factory with annual vehicle capacity of 5L units. Its line-up will

in partnership with Sajjan Jindal, given that the Modi govt has been reluctant in allowing companies from across the border to invest in the country.

Under the special regime for electric four-wheelers, companies that meet the minimum investment limit in plant and machinery and charging infrastructure will provide bank guarantees and start manufacturing in the country within three years of approval.

They will also have to ensure that 25% of the value addition happens in the country. This has to be scaled to 50% in five years, the heavy industry ministry (MHI) said. Separately, the revenue department, which cleared the scheme after a go ahead by FM Nirmala Sitharaman, has notified the modalities.

The scheme comes with the rider that a company

can import a maximum of 8,000 cars annually. Given the duty benefit, the ministry has estimated that for vehicles with a landed price of \$35,000 (Rs 29 lakh), around 26,000 units can be imported over the five-year

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period. Similarly, 11,764 e-cars of \$50,000 can be shipped into India.

The companies can also choose to import a mix of car that are under \$35,000 and those that are costlier. Govt intends to invoke the bank guarantees in case a company fails to meet the investment and domestic value addition norms.

"We invite global companies to come to India. I'm confident India will

become a global hub for EV manufacturing and this will create jobs and improve trade," commerce minister Piyush Goyal told reporters. Although some of the homegrown auto companies, such as Tata Mo-

tors and Mahindra, which have lined up a portfolio to bolster their EV offering will be affected, govt officials said, the decision was taken after careful analysis, which showed that their offerings will not be affected.

India is the world's third largest market with the average price of a car having increased from Rs 6 lakh to Rs 10 lakh over the last 10 years.