

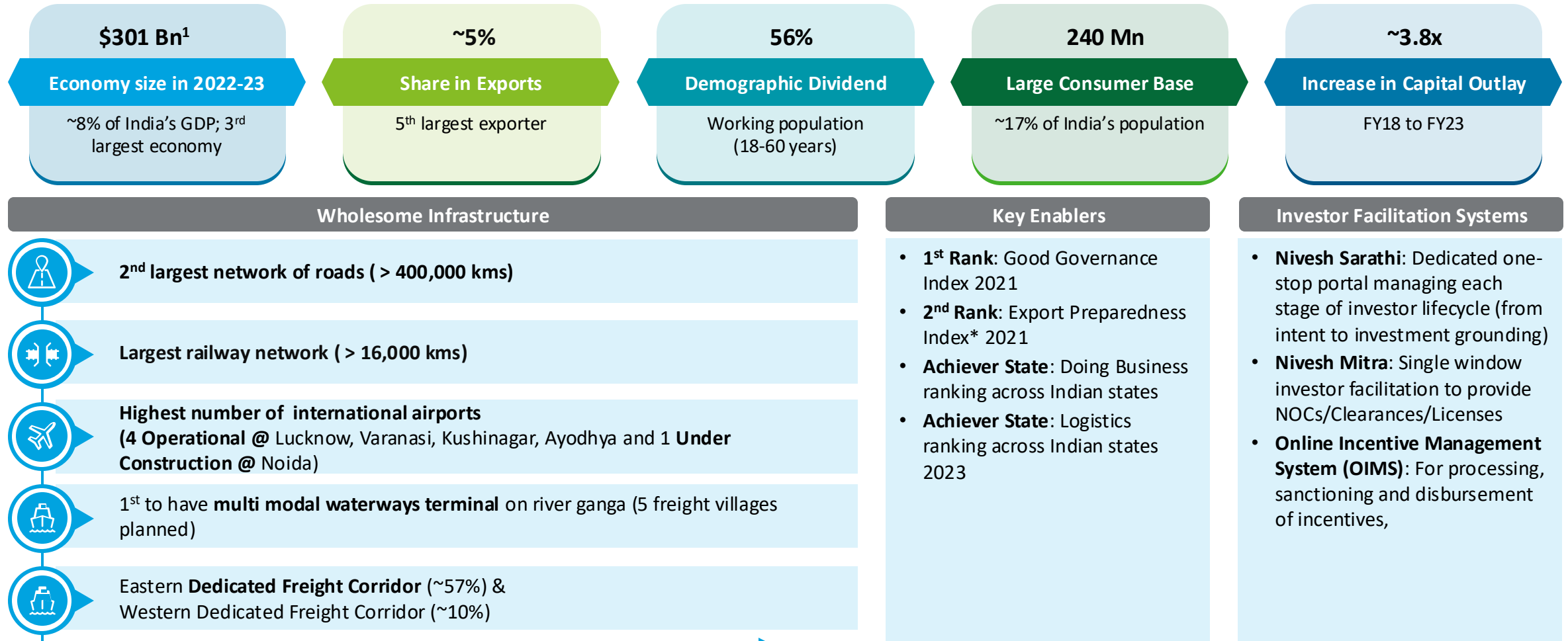


Uttar Pradesh EV Manufacturing

The next frontier for electric vehicles

UP – State with Robust and Resilient Economy

The economic momentum of UP is well-poised to continue on a higher trajectory



¹Exchange rate assumed as \$1 = ₹75

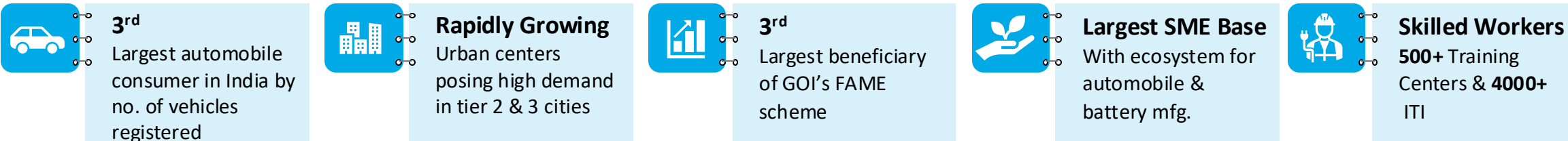
*Among landlocked states

Source: UP DES, World Bank, IBEF; GSDP in current prices 2011-12 series, DGCIS

EV Manufacturing

Uttar Pradesh has the largest market for Electric vehicles in India and also has a conducive environment for promoting EV manufacturing via attractive incentives and supportive government initiatives

Sector Overview



Advantage UP

- UP is one of the leading markets for electric vehicles in India, with a market share of over 14% in 2023
- Highest number (> 40%) of electric three-wheelers in India
- More than 207 charging stations Sanctioned under FAME2 under implementation at UPEIDA & NOIDA through REIL & EESL.
- 700 EV public buses in major cities on routes identified by Urban Development Deptt.

Potential areas of interest for players

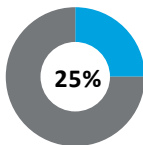
- Road infrastructure with use of latest technology solutions
- Charging infrastructure and EV Manufacturing
- Manufacturing clusters in Central & Western regions for auto ancillaries and battery pack manufacturing
- Setting up of Ancillary industries
- Manufacturing facility with an In-House R&D centre
- Hybrid & Electric Vehicles Components
- Transmission & Steering Parts
- Original Equipment Manufacturers (OEMs)

Electric vehicle manufacturing

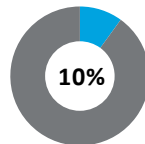
Estimated UP Share % (FY28)



E2W/E3W



E4W/E-Buses



Green field investments from E-2W and E-3W start-up and new emerging players










Key existing players in UP



EV and allied sector in Uttar Pradesh

Future Development Plans

- Research facilities focused on emerging battery chemistries and testing labs for industrial quality assessment of products
- Setting-up charging & Swapping Stations to increase consumer confidence in EV
- Introducing Battery/ EV related curriculum in ITIs located in UP

S.N.	Key Opportunity	Focus Area			
1	Developing EV ancillary industry and inviting EV OEMs for investment	 E-2W	 E-2W	 E-2W	 E-2W
2	Make presence in end-to-end battery value chain including recycling	 Cell manufacturing	 Pack manufacturing		 Reuse, recycling
3	Setup country’s largest EV charging network in a state	 Charging Operation	 Swapping Station		

UP is implementing several key interventions to promote and enhance & EV Manufacturing in the State

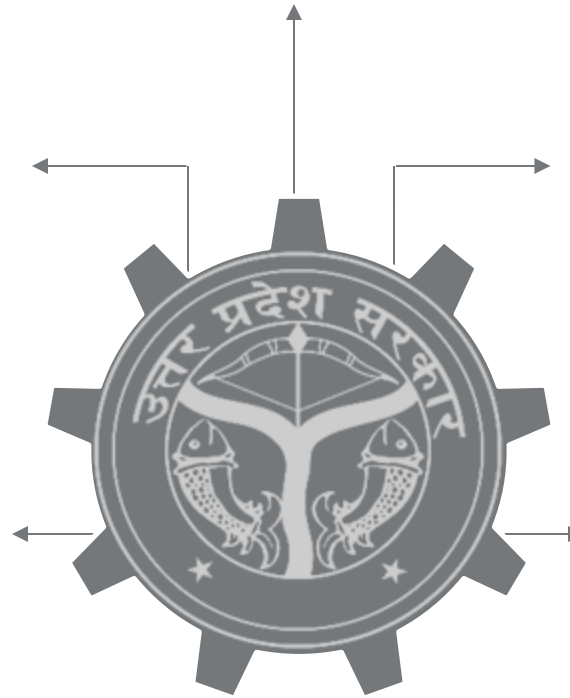
Uttar Pradesh government has identified over **2,000 acres of land** in various industrial areas across the state for the development of electric vehicle (EV) manufacturing units.

Electric Vehicle Policy, 2022 providing incentives and subsidies for EV manufacturers and buyers, along with promoting charging infrastructure development.

Incentives for Battery Manufacturing : The government was exploring options to incentivize battery manufacturing units to support the growing EV industry's needs.

Aiming to support **research and development** efforts in the EV sector by collaborating with academic institutions and research organizations.

Introduction of **electric buses** in the state's public transport system to reduce air pollution and dependence on fossil fuels.



Support from Government: Key Policy Benefits for EV Manufacturing

Uttar Pradesh Electric Vehicle Manufacturing & Mobility Policy 2022



Exalt the sector as a lever of industrial growth to achieve a high degree of value addition



Establish an international hub for manufacturing passenger cars, Tractors and Two-wheelers



Create employment opportunities both from supply side and demand side



Promote adoption of Electric Vehicles (EVs) in State to create greener environment

Policy Highlights



Stamp Duty Exemption @100% to Integrated EV Project & Ultra Mega Battery project



Govt Schemes/ Programmes such as National Electric Mobility Mission Plan (NEMMP) 2020, FAME 1 & 2, 2nd AMP (Automotive Mission Plan) and National Mission on Transformative Mobility & Battery Storage



Funding Under FAME2 for setting up Public Charging Stations in UP



Capital Subsidy : @ 20% upto maximum INR 10 Lakh per unit to 1st 2000 Charging Stations; @20% upto maximum INR 5 Lakh per unit to 1st 1000 Swap Stations .

Other Key Incentives

- Skill development incentive** as reimbursement of stipend shall be provided one time at the rate of INR 5,000 per employee per year to a maximum of first 50 employees to all defined manufacturing projects
- Patent registration fees reimbursement** @75% upto maximum INR 50000 for acquiring domestic patent and upto INR 2 lakh for acquiring international patent.
- 100% Stamp Duty Exemption** in Bundelkhand & Purvanchal, 75% in Madhyanchal & Paschimanchal (except Gautam buddha nagar & Ghaziabad districts with 50% each)
- Quality certification charges reimbursement** @50% of fees upto INR 10 lakhs per unit



FDI, Fortune Global 500 & Fortune India 500 Companies Investment Promotion Policy, 2023

Eligibility Criteria:

- ✓ Projects with Foreign Direct Investment (FDI) Capital Investment of above ₹100 crores.
- ✓ Projects with Capital Investment of more than ₹100 crores by companies included in the list of Fortune Global-500 and Fortune India-500, subject to Negative list.

UP FDI and Fortune 500 Policy 2023 – Fiscal Incentives

Major benefits

Capital subsidy

- 25% of *ECI (excluding land cost) in Gautam Buddha Nagar and Ghaziabad regions
- 30% of ECI (excluding land cost) in Paschimanchal and Madhyanchal regions
- 35% of ECI (excluding land cost) in Bundelkhand and Purvanchal regions

Capital Subsidy will be provided in 7 equal annual instalments with annual capping of INR 100 crores

SGST reimbursement/ refund

- **Option A - Net SGST reimbursement on sales:**
 - 100% of net SGST paid for 10 years
 - Annual capping: Upto 10% of ECI, Overall capping: Upto 100% of ECI (excluding land cost and capital subsidy)
- **Option B - Input SGST refund on capital goods:** 100% SGST refund in 5 annual instalment (Applicable only in case of inverted duty structure)

Note: Option to choose any one out of A and B is available

Land subsidy

- Upto 75% in Paschimanchal and Madhyanchal region
- Upto 80% in Bundelkhand and Purvanchal region

Other fiscal benefits

- **Stamp Duty & Registration Fees:** 50% - 100% exemption/ reimbursement

- **Electricity Duty:** 100% exemption from for 5 years

- **Skill development subsidy:** Upto INR 5,000 p.m. per person for 5 years (max. 500 persons)

- **Green Industry Incentives:** 50% capital subsidy on the cost of Effluent Treatment Plant capped at INR 2.5 crores

- **Industrial Housing Incentives:** Reimbursement upto 10% of the cost of development of workers' housing or dormitory for 7 years overall capped at INR 10 crores

- **R&D incentives:** Reimbursement upto 25% of the cost of standalone R&D centre capped at INR 10 crores (with minimum capital investment of INR 20 crores)

- **Centers of Excellence (CoE):** Grant upto 50% of the project cost capped at INR 10 crores per project
Note: Option to choose any one out of above is available

- **Logistics Subsidy:** Reimbursement upto 50% of the transportation cost on import capped at INR 2 crores per unit (in case of shifting of existing plant from international or domestic locations to UP)

- **Patent cost:** Reimbursement upto 75% of the cost capped at INR 10 lakh (for domestic) and INR 20 lakh (for international)



UP – Policy Framework and Incentives under Industrial Investment & Employment Promotion Policy 2022

UP IIEPP 2022 – Scope and highlights

Policy scope and coverage



Industrial Undertakings



Circular Economy



Private industrial Parks



Infrastructure Projects



R&D units

Major highlights of the Policy



Preferential land allotment on fast-track basis for specified units



Government will facilitate land aggregation for Private Industrial Parks



Eligible projects - New, Expansion, Diversification



Special measures (40% of old P&M will be considered eligible) for projects relocating from other countries






Customized package available for Ultra Mega category projects of special importance for the state

Note - Option to avail sector wise policy is also available

UP IIEPP 2022 – Project categories

Eligible units and investment criteria

 Type of unit	 Eligible capital investment (ECI)*	 Eligible Investment Period
Large scale industrial unit	Above INR 50 Cr but below INR 200 Cr	Earlier of commencement of commercial production or 4 years
Mega scale industrial unit	INR 200 Cr or above but below INR 500 Cr	Earlier of commencement of commercial production or 5 years
Super Mega scale industrial unit	INR 500 Cr or above but below INR 3000 Cr	Earlier of commencement of commercial production or 7 years
Ultra Mega scale industrial unit	INR 3,000 Cr or above	Earlier of commencement of commercial production or 9 years

3 options for Industrial Undertakings to apply for Investment Promotion Subsidy ('IPS')

Capital subsidy in the form of -		
<div>Base capital subsidy</div> <div>+ Employment generation booster</div> <div>+ Export booster</div> <div>+ Ecosystem support booster</div>	<div>OR</div> <div></div> <div>Net SGST reimbursement</div>	<div>OR</div> <div></div> <div>30% Top up on Production Linked Incentive (PLI) schemes of GoI</div>

* Investment thresholds for various categories may be considered for revision by the UP Government

FDI and Fortune 500 Policy 2023 vs Industrial Policy (IIEPP 2022)

Type of Support	FDI Policy*	Industrial Policy*
Capital Subsidy		
Gautam Buddha Nagar & Ghaziabad	25%	10% (10 yrs) - 22% (20 yrs)
Madhyanchal	30%	12% (10 yrs) - 25% (20 yrs)
Paschimanchal	30%	12% (10 yrs) - 25% (20 yrs)
Purvanchal	35%	15% (10 yrs) - 30% (20 yrs)
Bundelkhand	35%	15% (10 yrs) - 30% (20 yrs)
Stamp Duty Exemption	50% - 100%	50% - 100%
SGST reimbursement	100%	80%-300%
Reimbursement for R&D Projects	25%	25%
Land based Subsidy		
Paschimanchal & Madhyanchal	75%	NA
Bundelkhand & Purvanchal	80%	NA
Electricity Duty exemption	100%	NA



Contact

Sumit Khanna
Partner

Nirav Pujara
SME

Sandeep Negi
SME

Abhishek Sood
Director

Email:
inpparamup@deloitte.com

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee (“DTTL”), its network of member firms, and their related entities. DTTL and each of its member firms are legally separate and independent entities. DTTL (also referred to as “Deloitte Global”) does not provide services to clients. Please see www.deloitte.com/about for a more detailed description of DTTL and its member firms.

This material is prepared by Deloitte Touche Tohmatsu India LLP (DTTILLP). This material (including any information contained in it) is intended to provide general information on a particular subject(s) and is not an exhaustive treatment of such subject(s) or a substitute to obtaining professional services or advice. This material may contain information sourced from publicly available information or other third-party sources. DTTILLP does not independently verify any such sources and is not responsible for any loss whatsoever caused due to reliance placed on information sourced from such sources. None of DTTILLP, Deloitte Touche Tohmatsu Limited, its member firms, or their related entities (collectively, the “Deloitte Network”) is, by means of this material, rendering any kind of investment, legal or other professional advice or services. You should seek specific advice of the relevant professional(s) for these kind of services. This material or information is not intended to be relied upon as the sole basis for any decision which may affect you or your business. Before making any decision or taking any action that might affect your personal finances or business, you should consult a qualified professional adviser.

No entity in the Deloitte Network shall be responsible for any loss whatsoever sustained by any person or entity by reason of access to, use of or reliance on, this material. By using this material or any information contained in it, the user accepts this entire notice and terms of use.