









**Ministry of Heavy Industries** 



# Government approves E-Vehicle policy to Promote India as a Manufacturing Destination for e-vehicles

Companies that setup manufacturing facilities for e-vehicles will be allowed limited imports of cars at lower customs duty

Such companies will have to set up manufacturing facilities in India in 3 years and attain a localization level of 50% by the 5th year

Posted On: 15 MAR 2024 2:26PM by PIB Delhi









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The Government of India has approved a scheme to promote India as a manufacturing destination so that e-vehicles with the latest technology can be manufactured in the country. The policy is designed to attract investments in the e-vehicle space by reputed global EV manufacturers.

This will provide Indian consumers with access to latest technology, boost the Make in India initiative, strengthen the EV ecosystem by promoting healthy competition among EV players leading to high volume of production, economies of scale, lower cost of production, reduce imports of crude Oil, lower trade deficit, reduce air pollution, particularly in cities, and will have a positive impact on health and environment.

#### The policy entails the following: -

- Minimum Investment required: Rs 4150 Cr (~USD 500 Mn)
- No limit on maximum Investment
- Timeline for manufacturing: 3 years for setting up manufacturing facilities in India, and to start commercial production of e-vehicles, and reach 50% domestic value addition (DVA) within 5 years at the maximum.
- Domestic value addition (DVA) during manufacturing: A localization level of 25% by the 3<sup>rd</sup> year and 50% by the 5<sup>th</sup> year will have to be achieved
- The customs duty of 15% (as applicable to CKD units) would be applicable for a period of 5 years
- Vehicle of CIF value of USD 35,000 or above will be permissible
- The total number of EV allowed for import would be determined by the total duty foregone or investment made, whichever is lower, subject to a maximum of ₹6,484 Cr (equal to incentive under PLI scheme).
- Not more than 8,000 EVs per year would be permissible for import under this scheme. The carryover of unutilized annual import limits would be permitted.
- The Investment commitment made by the company will have to be backed up by a bank guarantee in lieu of the custom duty forgone
- The Bank guarantee will be invoked in case of non-achievement of DVA and minimum investment criteria defined under the scheme guidelines.

Link of Gazette Notification of E- Vehicle Policy

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### Beena Yadav

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**CPIOs Appellate Authority List** 

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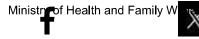
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