



KAMARAJ IAS ACADEMY
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How is India planning to localise EV manufacturing

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Context

- More than a year since it was announced, the **Ministry of Heavy Industries (MHI)** notified guidelines of the **Scheme to Promote Manufacturing of Electric Passenger Cars** in India.
- At the centre of the notified policy is the provision to **reduce customs duty on the import of ready-to-ship completely assembled electric four-wheelers from the present 70-100% to 15%**. This would apply to all vehicles valued at \$35,000 for a period of five years.
- However, this would be **subject to the manufacturer investing a minimum of ₹4,150 crore over the next three years**.
- They would also be expected to build infrastructure and facilities as to enable **25% of the overall manufacturing activity to be undertaken domestically within three years, and 50% within five years**.
- The MHI specifies that a **maximum of 8,000 vehicles can be imported at the reduced duty rate in a year**.
- **China as the leading manufacturer of EVs** accounted for **70% of the global manufacturing in 2024**.
- According to data compiled by FADA, **EVs accounted for 7.8% of all vehicles** sold in FY 2025.
- This was **predominantly led by electric three-wheelers** (at 57% in its category), followed by **two-wheelers** (6.1%), passenger vehicles (2.6%) and commercial vehicles (0.9%).
- Also imperative to note that the International Energy Association (IEA) attributed **India as the world's largest market for electric three-wheelers in 2024**

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