

# Government Notifies Guidelines for Scheme to Promote Manufacturing of Electric Passenger Cars in India

The Scheme will enable fresh investments from Global Manufacturers in EV Passenger Cars segment and would help to promote India as a global manufacturing destination for e-vehicles

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The Government of India, under the visionary leadership of Prime Minister Shri Narendra Modi, has approved a forward-looking scheme to promote the domestic manufacture of passenger cars, with a special focus on electric vehicles (EVs). This landmark initiative is aligned with India's national goals of achieving net zero by 2070, fostering sustainable mobility, driving economic growth, and reducing environmental impact. It is designed to firmly establish India as a premier global destination for automotive manufacturing and innovation.

Ministry of Heavy Industries (MHI) has issued Notification regarding detailed guidelines for the "Scheme to Promote Manufacturing of Electric Passenger Cars in India" (SPMEPCI / the Scheme) MHI had issued the Scheme notification on 15<sup>th</sup> March 2024. The Department of Revenue, Ministry of Finance had also issued the notification on 15<sup>th</sup> March 2024 for reduced import duties in line with the provisions of the Scheme. The Notice for inviting applications under the Scheme is proposed to be notified shortly, whereby the prospective applicants would be able to submit online applications.



The Scheme shall help to attract investments from global EV manufacturers and promote India as a manufacturing destination for e-vehicles. The Scheme will also help put India on the global map for manufacturing of EVs, generate employment and achieve the goal of “Make in India”.

To encourage the global manufacturers to invest under the Scheme, the approved applicants will be allowed to import Completely Built-in Units (CBUs) of e-4W with a minimum CIF value of USD 35,000 at reduced customs duty of 15% for a period of 5 years from the Application Approval Date.

Approved applicants would be required to make minimum investment of Rs. 4,150 crore in line with the provisions of the scheme.

#### **Custom Duty benefits:**

- The approved Applicants will be allowed to import CBUs of e-4W manufactured by global Group Companies with a minimum CIF value of USD 35,000 at reduced customs duty of 15% for a period of 5 years from the Application Approval Date.
- The maximum number of e-4W allowed to be imported at the aforesaid reduced duty rate shall be capped at 8,000 nos. per year. The carryover of unutilized annual import limits would be permitted.
- The maximum number of EVs to be imported under this Scheme shall be such that the total duty foregone will be limited to the lower of the following:

- i. The maximum duty foregone per Applicant (limited to Rs.6,484 crore), or
- ii. Committed investment of the Applicant (minimum Rs. 4150 crore).

- Total duty to be foregone shall be limited to lower of Rs. 6,484 crore or the Investment made under this Scheme.

#### **• Investment:**

Minimum Investment Commitment in India during a 3 year window	Rs. 4,150 crore (equivalent to approx. USD 500 Mn)
Commencement of Operations	The Applicant is required to setup manufacturing facility and commence operations for manufacturing of Eligible product i.e. e-4W within a period of 3 years from Application Approval Date
Maximum Investment Commitment in India during a 3 year window	No Limit
Domestic Value Addition (DVA) criteria during manufacturing	Minimum DVA of 25% to be achieved within 3 years and minimum DVA of 50% to be achieved within 5 years from date of issuance of approval letter by MHI/ PMA

- The Standard Operating Procedure (SOP) issued under Production Linked Incentive (PLI) Scheme for Automobile and Auto Component (PLI Auto Scheme) would be followed to assess the DVA of the Eligible Product as required under the Scheme.
- Certification of DVA of Eligible Product manufactured in India by the Approved Applicant would be done by testing agencies) approved by MHI.
- Investment should be made for domestic manufacturing of Eligible Product. In case the Investment under the Scheme is made on brown field project, a clear physical demarcation with the existing manufacturing facilities) should be made.
- Expenditure incurred on new Plant, Machinery, Equipment and Associated Utilities, Engineering Research and Development (ER&D) would be eligible.

- The expenditure incurred on Land will not be considered. However, Buildings of the main Plant and Utilities will be considered as part of the investment provided it does not exceed 10% of committed investment.
- Expenditure incurred on Charging Infrastructure would be considered up to maximum 5% of the committed investment.

• **Bank Guarantee:**

- The Applicant's commitment to setup manufacturing facilities, achievement of DVA and compliance with conditions stipulated under the Scheme shall be backed by a Bank Guarantee from a scheduled commercial bank in India equivalent to the total duty to be forgone, or Rs4,150 crore, whichever is higher, during the scheme period. The Bank Guarantee should be valid at all times during the tenure of the Scheme.

• **Application:**

- The window for receiving applications through the Notice Inviting Applications will be for a period of 120 days (or more). Further, MHI shall have the right to open the Application Window, as and when required till 15.03.2026.
- A non-refundable application fee Rs. 5,00,000/- will be payable by the Applicant while filing the Application Form.
- The Notice for inviting applications under the Scheme is proposed to be issued shortly, whereby the prospective applicants would be able to submit online applications. The above notice would be published on the website of Ministry of Heavy Industries.

**Table-I**

**Eligibility Criteria:**

- The Applicant will need to meet the following criteria to qualify and receive benefits under the Scheme:

Particulars	Eligibility Criteria
Global Group* Revenue (from automotive manufacturing), based on the latest audited annual financial statements at the time of application	Minimum Rs. 10,000 crore
Global Investment of Company or its Group* Companies) in fixed assets (gross block), based on the latest audited annual financial statements at the time of application	Minimum Rs. 3,000 crore

\* Group Companies shall mean two or more enterprises which, directly or indirectly, are in a position to exercise twenty-six percent or more of voting rights in the other enterprise.

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